



Australian Government

Department of Communications and the Arts



COMMS & ARTS

Annual Report 2017–18



Australian Government

Department of Communications and the Arts



Annual Report 2017–18

Publication details

ISSN: 978-0-642-75487-5 (Print)

ISSN: 978-0-642-75488-2 (Online)



The Department of Communications and the Arts 2017–18 Annual Report (this report) is protected by copyright.

With the exception of the Commonwealth Coat of Arms, the Department of Communications and the Arts logo, images, photographs and any material protected by trademark, all material included in this report is licensed under a Creative Commons Attribution 4.0 Australia licence (creativecommons.org/licenses/by/4.0/) (CC BY 4.0 AU Licence).

The CC BY 4.0 AU Licence is a standard form licence agreement that allows you to copy, distribute, transmit and adapt material in this report provided that you attribute the work. The full legal code for the CC BY 4.0 AU Licence (which includes any relevant licence conditions) is available on the Creative Commons website accessible by using this link: creativecommons.org/licenses/by/4.0/legalcode.

The form of attribution for any permitted use of any material from this report (and any material sourced from it) must be: *Source: Licensed from the Commonwealth of Australia under a Creative Commons Attribution 4.0 Australia Licence. The Commonwealth of Australia does not necessarily endorse the content of this publication.*

Other use

The use of any material from this report in a way not permitted or otherwise allowed under the Copyright Act 1968 may be an infringement of copyright. Where you wish to use the material in a way that is not permitted by this notice, you must lodge a request for further authorisation with the department.

Contact details and further authorisation

This report can be viewed online at annualreport.communications.gov.au.

For more information about the department and to view other publications visit www.communications.gov.au.

If you would like additional information on this report, or to lodge a request for further authorisation, please contact:

Assistant Secretary, Governance Branch
Department of Communications and the Arts
GPO Box 2154
Canberra ACT 2601
Phone: Call via switchboard on 02 6271 1000
Email: planning&reporting@communications.gov.au

Acknowledgements

Special thanks go to all the departmental staff involved in producing this report and the following contractors:

Typesetting: [tk] type
Printing: Canprint Communications Pty Ltd
Editing: The Happy Apostrophe

Letter of transmittal



Australian Government
Department of Communications and the Arts

Secretary

Senator the Hon Mitch Fifield
Minister for Communications and Minister for the Arts
Parliament House
CANBERRA ACT 2600

Dear Minister

I present the Annual Report of the Department of Communications and the Arts, for the year ended 30 June 2018 for your presentation to Parliament in accordance with section 63(1) of the Public Service Act 1999.

The report has been prepared in accordance with the provisions of section 46 of the Public Governance, Performance and Accountability Act 2013.

The following legislation specify additional information requirements, which are met in this report:

- Commonwealth Electoral Act 1918 (section 311A)
- Environment Protection and Biodiversity Conservation Act 1999 (section 516A)
- Protection of Movable Cultural Heritage Act 1986 (section 47)
- Work Health and Safety Act 2011 (Schedule 2, Part 4)
- Australian Broadcasting Corporation Act 1983 (section 24Y)

Our fraud control arrangements comply with section 10 of the PGPA Rule and the Commonwealth Fraud Control Framework. In accordance with the Commonwealth Fraud Control Framework, I certify that fraud control plans have been prepared and implemented and regular fraud risk assessments undertaken for the department; appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place for the department; and all reasonable measures have been taken to deal appropriately with fraud relating to the department.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mike Mrdak'.

Mike Mrdak AO
22 September 2018

Contents

Publication details	ii
Letter of transmittal	iii
Highlights	vi
PART 1 Overview	1
Secretary's review	2
About the department	8
PART 2 Annual performance statements	17
Statement of preparation	18
Purpose and performance measures	19
Summary of 2017–18 results	21
Detailed results and analysis of performance	23
Measures mapped between the Corporate Plan and Portfolio Budget Statements	73
PART 3 Management and accountability	81
Corporate governance and performance	82
External scrutiny	88
Management of human resources	89
Report on financial performance	99
PART 4 Financial statements	107

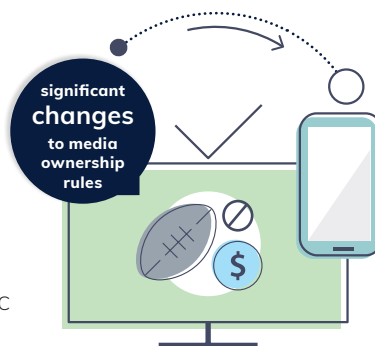
PART 5 Appendices	173
Appendix 1 Agency resource statement and expenses for outcome	174
Appendix 2 Advertising and market research	181
Appendix 3 Workplace health and safety	182
Appendix 4 Report on the Environment Protection and Biodiversity Conservation Act 1999	183
Appendix 5 Compliance with section 24Y of the Australian Broadcasting Corporation Act 1983	184
Appendix 6 Report on the Protection of Movable Cultural Heritage Act 1986 (section 47)	185
 PART 6 Reference information	 187
Abbreviations and acronyms	188
Glossary of terms	190
List of requirements	192
Index	200



Highlights

Media reforms

We supported the passage of the Australian Government's media reform package through Parliament, which has resulted in **the most significant changes to media ownership rules in a generation**. These reforms also responded to community concerns by introducing further restrictions on gambling advertising during live sport, and applying them for the first time to online streaming. Significantly, the media reform package also established the current review by the ACCC into the effect of digital platforms on media and advertising markets.



60% of premises can order a service

National Broadband Network

Over 4 million premises have active NBN services. **More than 60% of premises can order services across Australia and in regional areas 86% of premises can order services**. NBN Co launched the wide-scale rollout of fibre to the curb services in April 2018.

On 21 December 2017, the Australian Government announced a package of measures to **improve the NBN consumer experience, including \$8.7 million for the ACMA to introduce industry standards to improve complaints handling, service continuity during migration, and the information provided to consumers about their NBN service**.

In February 2018, as part of a commitment to improve transparency of its network performance, **NBN Co commenced monthly public reporting of key network metrics**.

In March 2018, the ACCC released the first results of its Measuring Broadband Australia program, which provides consumers with **accurate, independent information on speeds they can expect from retail NBN service providers**.

Mobile Black Spot Program

On 5 April 2018, the Australian Government announced the outcomes of the Mobile Black Spot Program Priority Locations round competitive assessment process, with all **125 identified priority locations to now receive improved mobile coverage** as a result of direct investment from the government and the mobile carriers.

On 10 June 2018, the Australian Government announced **\$25 million for a fourth round of the Mobile Black Spot Program**, to deliver improved mobile coverage to more regional and remote communities across Australia.



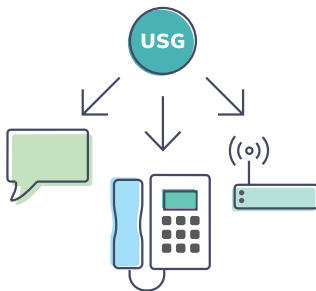


National Indigenous Languages Convention

We hosted **the first National Indigenous Languages Convention in February 2018** on the Gold Coast, gathering around 150 people from around the nation and attracting 140 viewers to the live-streamed sessions.

Asia-Pacific Telecommunity Preparatory Group

In March 2018, in partnership with the ACMA, we hosted the **Asia-Pacific Telecommunity Preparatory Group for the World Radiocommunication Conference 2019** in Perth to discuss spectrum and satellite issues.

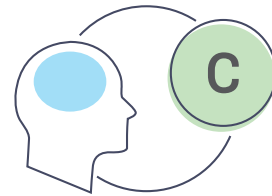


Universal Service Obligation

In December 2017, in response to the Productivity Commission's [Telecommunications Universal Service Obligation Inquiry](#) report, the Australian Government announced it would **develop a new Universal Service Guarantee (USG), covering broadband as well as voice and payphone services**. We undertook spatial analysis, cost modelling and stakeholder engagement, particularly with regional stakeholders and industry, as part of work to develop the new USG.

Copyright and intellectual property

We completed extensive consultations on the safe harbour scheme resulting in passage of the Copyright Amendment (Service Providers) Act 2018 in June 2018. The important **reforms in the Bill will ensure the disability, educational and cultural sectors can better facilitate the delivery of fundamental and important digital services to their users** by providing regulatory certainty about their liability for online copyright infringement.



We supported the implementation of the Australian Government's response to the Productivity Commission's Inquiry into Intellectual Property Arrangements by commencing consultations on website blocking measures and copyright modernisation in February and March 2018. **The consultations on copyright modernisation covered copyright exceptions, orphan works and contracting out of copyright exceptions.**

We commenced a **review of the Code of Conduct for Copyright Collecting Societies**, to consider the efficacy of the code in balancing the interests of collecting societies, their members and their licensees. The review included significant stakeholder consultation to help inform options for improving the code and stakeholder confidence in it.

Indigenous repatriation



First live-stream of repatriation

In October 2017, we supported 2 significant repatriations of Australian Indigenous ancestral remains from overseas. The State Museum of Hannover in Germany repatriated the remains of an ancestor to Traditional Owners in Far North Queensland. At the request of the family, **the ceremony was live-streamed, a first for an international repatriation facilitated by the Indigenous Repatriation Program** administered by the department. The remains of an ancestor from Western Australia were also repatriated to Traditional Owners from a private holder in Canada. This was the first return from Canada supported under the program.

National Gallery of Australia

The National Gallery of Australia secured **budget funding of \$16.6 million over 3 years** to address its most significant capital maintenance issues.



**\$16.6m
over 3 years**



National Relay Service

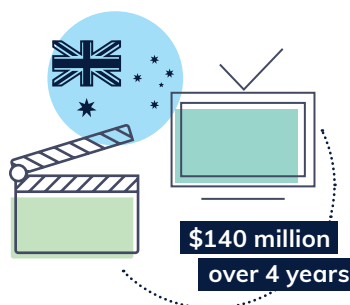
On 18 April 2018, the Australian Government released a tender for a new 3-year contract to **deliver the National Relay Service and helpdesk service**. Evaluation of submissions is underway.

Film, radio and television

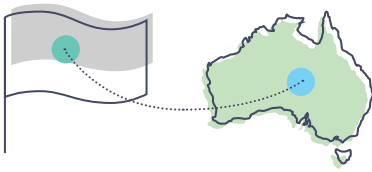
Funding of \$140 million over 4 years was provided for the Location Incentive to **ensure that Australia remains competitive in attracting large budget international film and television productions**, thereby providing opportunities for Australian cast, crew, post-production companies and other screen production service providers to participate in production. It will contribute to the development of the Australian screen production industry's capabilities and help ensure its future viability.

The Australian Government initiated a review of **Australian Broadcasting Services** in the Asia Pacific and an inquiry into the competitive neutrality of the national broadcasters as part of the media reform package.

In recognising the **ABC and SBS** as key public news and cultural institutions that strengthen media diversity and represent a major Commonwealth contribution to civic journalism, these organisations were provided with over \$1.3 billion in annual funding.



**\$140 million
over 4 years**

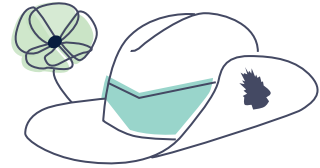


Protection of moveable cultural heritage

Under the Protection of Movable Cultural Heritage Act 1986 we **returned 4 culturally significant tribal skulls to the Indonesian Government** on 30 May 2018.

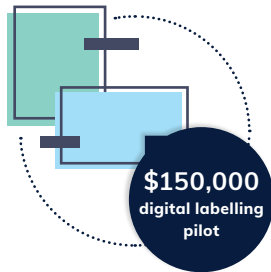
Anzac Centenary Fund

Established as part of the Australian Government's Anzac Centenary national program, the Anzac Centenary Arts and Culture Fund came to a close at the end of 2017–18. **The fund supported 77 arts and cultural projects over 4 years, commemorating the centenary of the First World War and a Century of Service by Australia's servicemen and servicewomen.** The final project, titled Armistice, will be presented by the Queensland Performing Arts Centre in November 2018, to mark the end of the Anzac Centenary period and the Centenary of the Armistice.



77 arts and cultural projects supported over 4 years

Aboriginal and Torres Strait Islander artwork and imagery



Through the Indigenous Visual Arts Industry Support program we delivered **\$20.7 million in grants to 92 organisations that support professional opportunities for over 6,000 Aboriginal and Torres Strait Islander visual artists** and employment for around 300 Indigenous arts workers, most living in remote communities.

The Minister announced \$150,000 to support a digital labelling pilot for authentic Aboriginal and Torres Strait Islander products. The initiative aims to **assist consumers to make informed, ethical purchases and will increase economic and cultural opportunities for Aboriginal and Torres Strait Islander artists and designers.**

Visions of Australia

Through the National Collecting Institutions Touring and Outreach Program and the Visions of Australia regional exhibitions touring program, **we supported the development and touring of 37 exhibitions which are expected to reach audiences of more than 1.2 million Australians and are touring predominantly to locations in regional areas.**



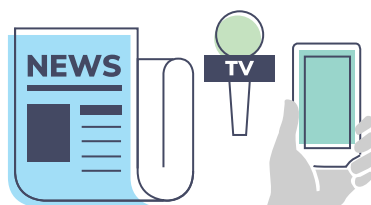


Online safety

We supported the Australian Government in developing legislation to improve **online safety with a new civil penalties regime for image based abuse**. This will target both perpetrators and sites which host intimate images and videos shared without consent. We also helped secure \$4 million in funding to assist the Office of the eSafety Commissioner to administer the regime.

Regional and small publishers

We developed the **Regional and Small Publishers Jobs and Innovation Package** to assist these firms to compete in an evolving digital market. The Innovation Fund (administered by the ACMA), Cadetships Program, and Scholarships programs (both administered by the department) will help small metropolitan and regional publishers adapt to the challenges facing the contemporary media environment, create employment opportunities for cadet journalists and support regional students to study journalism.



**adapting to the challenges
facing the contemporary
media environment**



Cook voyage anniversary

Budget funding of \$21.7 million over 3 years was provided to assist, among others, the Australian National Maritime Museum, National Gallery of Australia and National Library of Australia implement measures **to commemorate the 250th anniversary of Captain James Cook's first Pacific voyage**.

Lending rights

\$22.3 million in payments were made to Australian authors, illustrators and publishers through the Australian Government Public Lending Rights and Educational Lending Rights schemes in 2017–18.





1

OVERVIEW

This part of the report provides a review of the year by the Secretary, and information about the department — ministerial arrangements, our role and functions, purpose, outcomes and programs, structure and overview of our portfolio.

Secretary's review	2
About the department	8

Secretary's review

This report is my second as Secretary of the Department of Communications and the Arts since taking over from Dr Heather Smith PSM on 18 September 2017. I thank Dr Smith again, for leading the department from the start of the reporting period.

As the Australian Government's key policy adviser on communications and arts, our purpose is to foster an environment in which all Australians benefit from access to diverse communications services and artistic and cultural experiences. We:

- › ensure the communications and creative sectors are sustainable and competitive, and are able to innovate and contribute to the economy
- › work with these sectors to develop and share Australian content and cultural experiences with all Australians and the world
- › work to assist in establishing a safe online environment for all Australians, especially children



Overview of the year

It's been a busy year for us delivering a range of programs and progressing the government's comprehensive reform agenda. The department operates in a rapidly transforming sector. In 2017–18, the department continued growing its research and evidence base for policy through the Bureau of Communications and Arts Research. In work undertaken by the bureau this year it was found that Australia's increasing diversification into services from the traditional sectors, such as manufacturing and mining for sources of growth, will require an increasing role for the portfolio. While the relative size of the communications sector (around 3% of gross domestic product) is shrinking, its economic footprint is expanding within, and transforming, other sectors.

[Impact of 5G on Productivity and Economic Growth](#) and [Demand for Fixed-line Broadband in Australia](#) were 2 working papers we released this year which looked at different aspects of this transformation. The role of the creative sector in the economy is poised to grow through its contribution to employment and productivity growth. The contribution to employment growth by those employed in creative roles outside of creative industries is becoming more marked, with growth of 15.4% from 2011 to 2016.

Throughout the year, the department progressed a significant number of reviews and consultations to advance the Australian Government's reform agenda. We worked with the communications, creative and cultural sectors so that policy and regulatory frameworks support domestic and international competitiveness and the national interest, and delivered a variety of communications and arts programs.

We continued to progress the Australian Government's spectrum reform agenda, advocate for international spectrum harmonisation, and implement the recommendations of the 2015 [Spectrum Review](#). Spectrum supports a diverse range of existing communications services and is increasingly significant as an enabler for new technologies. In March 2018, the Australian Government endorsed 2 key reviews: the [Spectrum Pricing Review](#) and the [Commonwealth Held Spectrum Review](#). We undertook significant work following the release in May 2017 of a consultation package on reforms to modernise and simplify Australia's spectrum management framework. We are now positioned to implement reform arrangements in 2018–19.

On 12 October 2017, the Australian Government released its 5G directions paper [5G: Enabling the Future Economy](#), which highlighted 4 key actions to support the timely rollout of 5G in Australia. We have progressed the Australian Government's commitment to bring 5G spectrum to market as quickly as possible, including supporting the Minister to issue reallocation declarations for the 3.6GHz band in preparation for a spectrum auction which is scheduled for late 2018.

To ensure that all Australians have access to fast broadband, we continued to support the National Broadband Network (NBN) rollout, monitoring the work of NBN Co Limited (NBN Co), enhancing policy and regulatory settings, and providing advice to our ministers on the Australian Government's investment in the NBN. Highlights included the launch of the first wide-scale rollout of fibre to the curb services in the world and the activation of 4 million premises, marking the halfway point for premises expected to migrate to the new network. By 30 June 2018, 60% of all Australian premises were able to order NBN services and approximately 86% of premises outside major urban areas were in NBN-ready areas.

During the year, NBN Co commissioned a data analytics and economic research firm to investigate the social and economic impacts of the network rollout. The research found that additional economic benefits are already flowing to areas with access to the NBN and, by 2021, it is estimated the network will help drive up to \$10.4 billion a year in additional economic activity and contribute to the creation of up to 80,000 new businesses and up to 148,000 additional digital jobs.

Improving the experience of consumers transitioning to the NBN was a key focus for the department in 2017–18. In December 2017, the Australian Government announced significant initiatives to improve NBN customer experience, including funding for the Australian Communications and Media Authority (ACMA), and introducing mandatory industry standards to improve complaints handling, service continuity during migration, and the information provided to consumers about their NBN service.

Also in December 2017, the Australian Government responded to the Productivity Commission's report on its Inquiry into the Telecommunications Universal Service Obligation indicating that a Universal Service Guarantee (USG) would be developed to ensure that premises in Australia have access to broadband as well as voice services. The USG will build on the NBN and other commercial networks (like mobile networks), with additional targeted measures to be developed where warranted. We have worked to identify and cost alternative delivery mechanisms for fixed voice and payphone services, and throughout the year have consulted widely with stakeholders, particularly those representing regional, rural and remote consumers, as well as industry and government, to prepare advice for the Australian Government.

In addition to the USG project, we are undertaking and coordinating the Regional Telecommunications Review announced on 30 April 2018 and the Consumer Safeguards Review announced on 17 April 2018. These are key portfolio review processes to set future policy.

We supported the development of improved online safety for all Australians by helping secure an additional \$14.2 million to assist the work of the Office of the eSafety Commissioner over the next 4 years. We also developed legislation to target the widespread and distressing sharing of intimate images without consent by imposing civil penalties on both perpetrators and sites publishing these images. We commenced a review of the legislation underpinning the work of the eSafety Commissioner to make sure this remains fit-for-purpose in the rapidly changing online ecosystem.

We also supported the government to deliver major online gambling reforms. In September 2017, Parliament passed the Interactive Gambling Amendment Act 2017 and empowered the ACMA to take stronger action against illegal offshore gambling operators. The Act also contained key consumer protection measures, including prohibiting lines of credit being offered by wagering providers. In June 2018, Parliament passed the Interactive Gambling Amendment (Lottery Betting) Act 2018 to prohibit lottery betting services in Australia.

In terms of delivering improved mobile phone and data coverage and greater competition to remote and regional Australia, we continued implementation of the Mobile Black Spot Program. During 2017–18, we progressed the build phases for the first and second rounds of the Mobile Black Spot Program and also started the build phase for the Priority Locations round. At the end of June 2018, an estimated 66,300 premises and 4,900km of major roads were benefiting from improved mobile coverage as a result of the program which, as well as enabling people to keep in contact with family and friends, is supporting education, business growth and better health outcomes.

Intellectual property and copyright arrangements are a critical element to support economic growth and our broader innovation agenda. In February and March 2018, we supported the implementation of the government's response to the Productivity Commission's [Inquiry into Intellectual Property Arrangements](#) by commencing consultations on website blocking measures and copyright modernisation. The department also completed consultations on the new streamlined copyright regulations which were remade in December 2017. The regulations incorporate modern language and practices and aim to reduce red tape for copyright owners and users.

We also completed extensive consultations on the safe harbour scheme resulting in passage of the Copyright Amendment (Service Providers) Act 2018 in June 2018. The important reforms in the Bill will ensure the disability, educational and cultural sectors can better facilitate the delivery of fundamental and important digital services to their users by providing regulatory certainty about their liability for online copyright infringement.



Improving the experience of consumers transitioning to the NBN was a key focus for the department in 2017–18.

In September 2017, Parliament passed the Broadcasting Legislation Amendment (Broadcasting Reform) Act 2017 and the Commercial Broadcasting (Tax) Act 2017, together constituting the largest set of media reforms in a generation. The reforms removed the '2 out of 3' rule, allowing a greater range of cross-media mergers between radio, television and newspaper media, replaced broadcast licence fees with spectrum charges, introduced greater local programming obligations in regional Australia, and made important changes to anti-siphoning rules for the broadcast of sports and cultural events. Subsequent legislation, also part of the broader media reform package, introduced a framework for restricting gambling advertisements during live sports broadcasts. The package also included commitments to introduce a new register for foreign owners of Australian media, and to commission a review by the Australian Competition and Consumer Commission (ACCC) into the effect of digital platforms on media and advertising markets.

The Australian Government also recognised ABC and SBS as key public news and cultural institutions that strengthen media diversity and represent a major Commonwealth contribution to civic journalism. In 2017–18, the Australian Government provided the ABC and SBS over \$1.3 billion. This funding represents a substantial investment of public funds and ensures that the national broadcasters are able to continue to provide television, radio and digital media services in line with their charters.

In 2017, the Australian Government announced the Regional and Small Publishers Jobs and Innovation Package to assist these firms to compete in an evolving digital market. The Regional and Small Publishers Innovation Fund (administered by the ACMA), and the Regional and Small Publishers Cadetship Program and Regional Journalism Scholarships Program (both administered by the department) will help small metropolitan and regional publishers adapt to the challenges facing the contemporary media environment, create employment opportunities for cadet journalists and support regional students to study journalism.

Following the arrival of the new CEO in late 2017, we worked with Australia Post on its Strategic Review of the business. In the face of continuing declines in letter volumes, this review identified options to maintain Australia Post's financial sustainability, while ensuring an accessible postal service for all Australians. We will monitor the rollout of strategic options as part of our shareholder oversight role.

We also delivered a range of programs that encouraged excellence in the arts, helped to protect our cultural heritage (including Indigenous arts, languages and repatriation programs) and promoted public access to, and participation in, arts and culture.

During the year, we have worked to identify innovative ways to alleviate the problem of inauthentic Indigenous 'style' products available in the Australian market.

We undertook 2 significant repatriations of Australian Indigenous ancestral remains from overseas in October 2017. The ceremony associated with the first repatriation was live-streamed from Germany so family members in Australia could participate in the event, which was a first for the program. The second repatriation was the first facilitated from Canada and has paved the way for future negotiations.

Another area of focus was supporting the maintenance and revival of Aboriginal and Torres Strait Islander languages through the Indigenous Languages and Arts program. In 2017–18, we implemented the plan for the Australian Government's 2016 election commitment of \$10 million to protect, preserve and celebrate Indigenous languages. The National Indigenous Languages Convention, held at the Gold Coast in February 2018, was well attended and a further 140 people viewed live sessions streamed online. The department also began preparing for the United Nations Educational, Scientific and Cultural Organization (UNESCO) International Year of Indigenous Languages in 2019.

The Prime Minister's Literary Awards is one of the biggest annual awards events organised by the department. This year marked the award's 10th anniversary. The amount of work that goes into these awards each year is an ongoing achievement for the department. Over the past 10 years, more than 4,000 entries have been submitted with \$4.75 million in prize money awarded to 223 authors and illustrators.

Shifting to internal operations, this year we took steps towards improving workflow functions and building a stronger digitally enabled workforce. We strengthened the department's governance arrangements by putting in place improved business planning processes and financial and people reporting systems, and streamlining internal decision-making, and by creating a new governance-focused branch.

During the year, as employees in Canberra and Sydney relocated and settled into new premises, we took the opportunity to implement new and updated technologies, including WiFi and Skype for Business. This shift facilitated stronger collaboration between our offices and portfolio entities. It also enabled better flexible working arrangements, allowing employees to tailor when, how and where they work to the task at hand.

One of our key development priorities is to increase knowledge and understanding of diversity and inclusion. This year the Diversity and Inclusion Committee was involved in the delivery of a range of activities including the Warumilang Cultural Awareness Training, which aims to develop a greater appreciation and understanding of Aboriginal and Torres Strait Islander peoples, their history and cultural diversity. The online Core Cultural Learning: Aboriginal and Torres Strait Islander Australia Foundation Course and the SBS Cultural Competence Program were also promoted internally.

The Pride and Allies Network had its first meeting in August 2017 and was officially launched in March 2018. The network raises awareness and shares resources with employees about the inclusivity of lesbian, gay, bisexual, trans, queer, intersex, asexual (LGBTQIA) people and people who identify with other sexualities, sex identities and genders (+). An LGBTQIA+ diversity and inclusion plan has been developed in collaboration with our SES LGBTQIA+ Champion. We also made progress on the development of a new Reconciliation Action Plan for delivery early in 2018–19.

We continued to acknowledge the importance of mental health and wellbeing in the workplace. The Black Dog Institute provided a staff briefing titled 'Mental health is everybody's business' and an executive briefing to SES. This year, a new eLearning program on resilience, developed by the Resilience and Change Academy, in partnership with the Australian National University and the Australian Research Council, was made available to all employees.

Outlook

Our 2018–19 Corporate Plan focuses on what we are doing between 2018–19 and 2021–22 to continue to create an environment in which all Australians benefit from access to diverse communications services and artistic and cultural experiences.

The Australian Government's policy, regulatory and program settings have a broad influence on enabling economic and social activity. Connectivity, creativity and culture are at the centre of our work plan. They will also inform our delivery of the Australian Government's intent to progressively reform and modernise regulatory and policy settings so that our sectors are sustainable, reliable, competitive and responsive to the needs of all Australians.

Over the next 4 years, we will have a particular focus on:

- › continuing the NBN rollout for completion by 2020, including managing the ongoing public investment in the NBN, so that it is sustainable and delivers a high-quality broadband experience
- › ensuring the right policy and regulatory settings are in place to support ongoing investment in telecommunications, and a good ongoing consumer experience in order to support Australia's economic growth and international competitiveness
- › the introduction of 5G mobile technology and the delivery of other communications infrastructure, as well as the continuation of the Mobile Black Spot Program
- › delivering and implementing the Australian Government's reform agenda, including for classification, media, copyright, spectrum, and the USG, to create a contemporary policy framework that supports international competitiveness and delivers in the national interest
- › completing a series of reviews that will assist the public broadcasters as they approach the next funding triennium through which more than \$3.9 billion will be provided from July 2019
- › ensuring regulation is efficient, promotes investment and meets community expectations of consumer experience, public interest protections and public safety
- › contributing to the broader Australian Government agenda of encouraging productivity, growth and innovation, including supporting the links between innovation, arts and creativity
- › building the sustainability, diversity and recognition of Australia's creative sectors, including supporting Indigenous arts and culture, Australian literature, the performing and visual arts, and Australian screen production and creative industries
- › our contribution to the 2019 UNESCO International Year of Indigenous Languages

In line with our Diversity and Inclusion Strategy 2016–19, we will continue to build an inclusive and professional workplace that values, respects and supports diversity and inclusion. We are committed to encouraging and recognising the achievements of employees. In 2018–19, we will acknowledge the range of contributions made by employees through a refreshed reward and recognition program. Our departmental awards include several new categories: Community Award, Innovation Award, Mentor of the Year Award and Exceptional Leadership Award. We're also introducing service awards recognising service milestones in the department and the Australian Public Service.

I thank all our team for their hard work over the year and I am looking forward to working productively with all our portfolio entities and stakeholders over the next reporting period.

Mike Mrdak AO
Secretary

About the department

Ministerial arrangements

We were accountable to Senator the Hon Mitch Fifield, Minister for Communications and Minister for the Arts, for the entire reporting period.

From 1 July 2017 to 27 October 2017, we were accountable to Senator the Hon Fiona Nash, Minister for Regional Communications. When Minister Nash departed from Parliament on 27 October 2017, Minister Fifield took over her former portfolio responsibilities until 20 December 2017 when Senator the Hon Bridget McKenzie was appointed Minister for Regional Communications.

Our role and functions

The Administrative Arrangements Order specifies the matters we deal with:

- › broadband policy and programs
- › classification
- › copyright
- › cultural affairs, including movable cultural heritage and support for the arts
- › postal and telecommunications policies and programs
- › spectrum policy management
- › broadcasting policy
- › content policy relating to the information economy

Our purpose

We foster an environment in which all Australians benefit from access to diverse communications services and artistic and cultural experiences.

These benefits, which we intend to achieve, are:

- › all Australians have access to effective communications services and can rely on them in their everyday activities
- › Australians are informed and protected in pursuing their interests, not taken advantage of; and can benefit from the opportunities that the online environment offers
- › Australians have the opportunity to enjoy and participate in diverse cultural experiences
- › communications sector participants remain financially viable and sustainable and internationally competitive and are able to invest and innovate and meet the needs of Australian consumers
- › portfolio agencies are delivering the government's agenda effectively and working to the benefit of the sectors and the nation

- › Australia's art sector is sustainable, innovative and strong and enabling growth in creative activities across Australia
- › Australians are able to access uniquely Australian content; content creators are informed and capable, and have the skills and expertise necessary to develop Australian content
- › Australia's culture, including Indigenous voices, languages and stories, is preserved and protected for generations to come, and is showcased and celebrated throughout the world

Outcomes and programs

In 2017–18, we administered 2 outcomes and 2 programs (Table 1.1).

Table 1.1 Outcome and program structure

Outcome	Program	Division
Outcome 1: Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services	Program 1.1: Digital Technologies and Communications Services	Content Market Reforms Infrastructure and Consumer
Outcome 2: Participation in, and access to, Australia's arts and culture through developing and supporting cultural expression	Program 2.1: Arts and Cultural Development	Arts

The Corporate Division and the Strategy and Research Division (not included in Table 1.1) provide enabling functions to support the department to achieve its purpose.

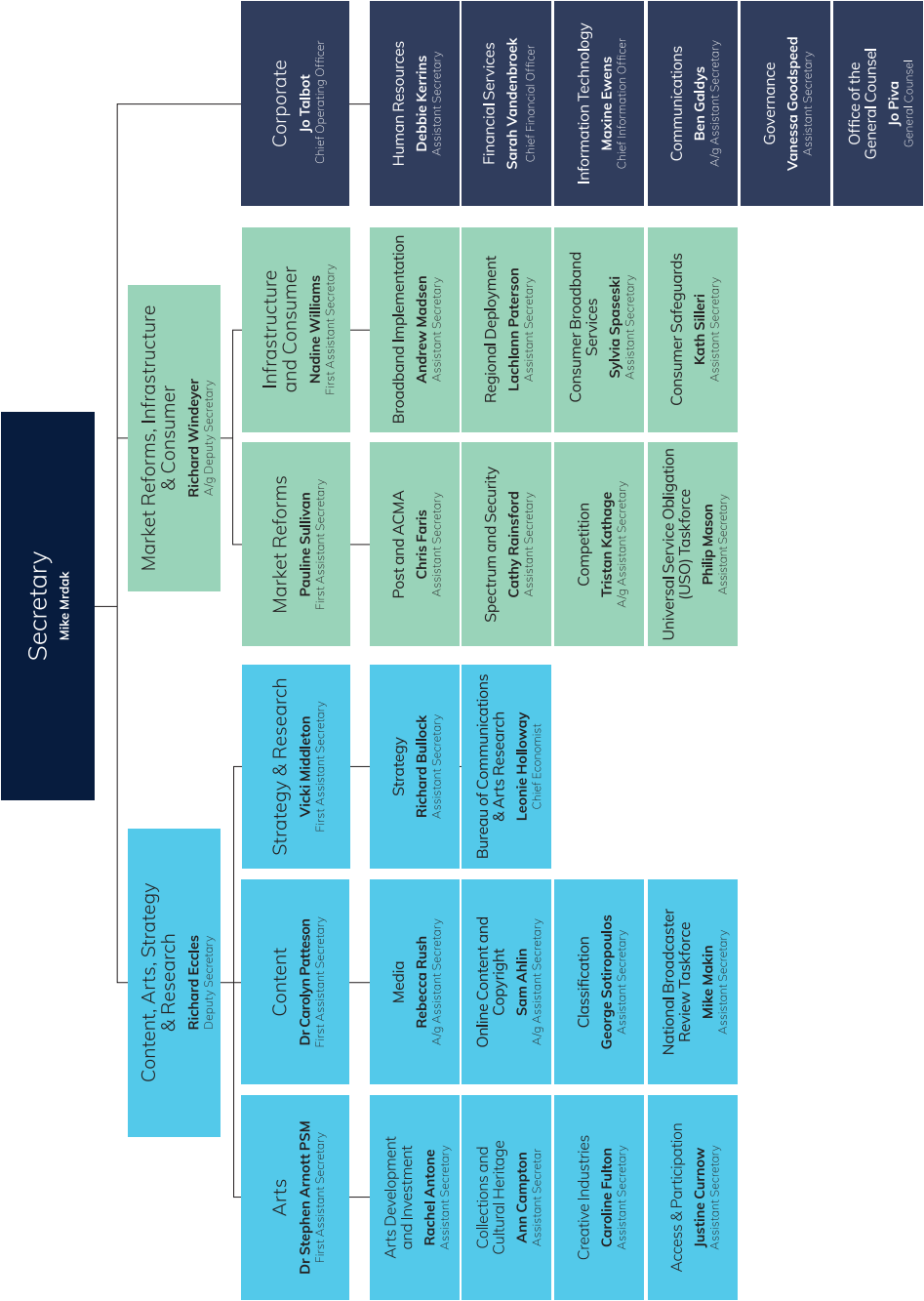
Our structure

During this reporting period, Mike Mrdak AO was appointed Secretary of the department by the Prime Minister, the Hon Malcolm Turnbull. Mike Mrdak commenced on 18 September 2017. Prior to his appointment, the department's Secretary was Dr Heather Smith PSM.

At 30 June 2018, our Deputy Secretaries were:

- › Deputy Secretary, Content, Arts, Strategy and Research: Richard Eccles
- › Acting Deputy Secretary, Market Reforms, Infrastructure and Consumer: Richard Windeyer

Figure 1.1 Our organisation chart at 30 June 2018



Communications and the Arts portfolio

During 2017–18, we worked with 18 entities in the Communications and the Arts portfolio.

Table 1.2 Communications and the Arts portfolio at 30 June 2018

Communications	Arts
<ul style="list-style-type: none"> › Australian Postal Corporation (Australia Post) › Australian Broadcasting Corporation (ABC) › Australian Communications and Media Authority (ACMA) › NBN Co Limited (NBN Co) › Office of the eSafety Commissioner › Special Broadcasting Service Corporation (SBS) 	<ul style="list-style-type: none"> › Australia Council › Australian Film, Television and Radio School (AFTRS) › Australian National Maritime Museum (ANMM) › Bundanon Trust › Creative Partnerships Australia › Museum of Australian Democracy at Old Parliament House (MOAD) › National Film and Sound Archive of Australia (NFSA) › National Gallery of Australia (NGA) › National Library of Australia (NLA) › National Museum of Australia (NMA) › National Portrait Gallery of Australia (NPGA) › Screen Australia

Communications

Australia Post

Australia Post is a government business enterprise wholly owned by the Australian Government. Australia Post is required to provide a high-quality and affordable mail service to all Australians wherever they live or do business. Australia Post also provides parcel, e-commerce and logistics services.

We advised the Australian Government on the postal sector, including security-related reforms and regulatory and financial frameworks, requirements and options to ensure medium-term sustainability. We also represented Australia in the Universal Postal Union, the United Nations agency for the postal sector. Along with the Department of Finance, we advised the Australian Government as the shareholder of Australia Post.

www.auspost.com.au

Australian Broadcasting Corporation (ABC)

The ABC is a national broadcaster. It contributes to and reflects Australia's national identity, fosters creativity and the arts, and encourages cultural diversity. The ABC is an integral part of the radio, television and online production industries, and the news and information media.

We provided advice to the Australian Government about ABC policy and triennial funding matters, the availability and rollout of ABC services, and ABC Board appointments.

www.abc.net.au

Australian Communications and Media Authority (ACMA)

The ACMA is responsible for regulating broadcasting, radiocommunications, telecommunications and online content in accordance with its statutory requirements. The ACMA works with stakeholders to maximise the public benefit, including the extent to which the regulatory framework addresses the broad concerns of the community, meets the needs of industry, and maintains community and national interest safeguards.

We advised the Australian Government on the policy and legislative frameworks administered by the ACMA, including measures to improve the consumer experience on the National Broadband Network (NBN), appropriate consumer safeguards relating to the provision of content and communications services, spectrum management, media ownership and control, and online safety. We also supported the selection and appointment of a new Chair and 4 full-time members.

www.acma.gov.au

NBN Co Limited (NBN Co)

NBN Co is a government business enterprise, wholly owned by the Australian Government. Its role is to plan, roll out and operate Australia's NBN, which will provide all Australians with access to high-speed broadband.

We advised the Australian Government on issues impacting the NBN, including experiences of regional and metropolitan Australia; legislative, regulatory and financial frameworks and requirements; and market trends and sectoral developments. Together with the Department of Finance, we also advised the Australian Government in its capacity as the shareholder of NBN Co.

www.nbnco.com.au

Office of the eSafety Commissioner

The Office of the eSafety Commissioner is a statutory office supported by the ACMA. It is the leading Australian Government agency responsible for online safety in Australia. The eSafety Commissioner works to enhance online safety for Australians through education and community awareness activities, collaboration with government bodies, industry, schools, and not-for-profit organisations, and the administering of complaints and reporting mechanisms to address harmful online content, such as cyberbullying material targeted at Australian children, image-based abuse material and prohibited content. We provided support to the Australian Government through oversight of policy, governance and funding matters relating to the eSafety Commissioner.

www.esafety.gov.au

Special Broadcasting Service Corporation (SBS)

SBS is a national broadcaster. It provides multicultural and multilingual services that inform, educate and entertain all Australians. Its mission is to contribute to a more cohesive, equitable and harmonious Australia through its television, radio and online services.

We advised the Australian Government on SBS policy and funding matters, the availability and rollout of SBS services, and SBS Board appointments.

www.sbs.com.au

Arts

Australia Council

The Australia Council's purpose is to champion and invest in Australian arts. It has a national leadership role in supporting and building Australia's arts ecology by fostering excellence in the arts and increasing national and international engagement with Australian art and artists.

We provided support to the Australian Government through oversight of governance and policy matters relating to the Australia Council.

www.australiacouncil.gov.au

Australian Film, Television and Radio School (AFTRS)

AFTRS supports the development of a professional screen arts and broadcast culture in Australia, including through the provision of specialist industry-focused education, training and research.

We provided advice on screen policy and governance matters to the Australian Government and AFTRS.

www.aftrs.edu.au

Australian National Maritime Museum (ANMM)

The ANMM seeks to increase knowledge, appreciation and enjoyment of Australia's maritime heritage through managing the National Maritime Collection and staging programs, exhibitions and events.

We provided support to the Australian Government on matters relating to the ANMM's governance, funding and events, and appointments to its governing council.

www.anmm.gov.au

Bundanon Trust

The Bundanon Trust supports arts practice and engagement with the arts through its residency, education, and exhibition and performance programs. It also holds an extensive art collection of around 4,000 works, including a large collection of artworks gifted to the nation by Arthur and Yvonne Boyd. In preserving the natural and cultural heritage of its site, Bundanon Trust promotes the value of landscape in all our lives. It is a Commonwealth company limited by guarantee and a registered charity.

We provided advice to Bundanon Trust's governing board on matters relating to the organisation's governance, funding, heritage listing, events and appointments.

www.bundanon.com.au

Creative Partnerships Australia

Creative Partnerships Australia's role is to foster a culture of private sector support for the arts in Australia, to grow a more sustainable, vibrant and ambitious cultural sector for the benefit of all Australians.

The Australian Government funds Creative Partnerships Australia to deliver coaching, mentoring and training services and matched funding programs that help artists and arts organisations secure private sector support.

We provided support to the Australian Government through oversight of governance and policy matters relating to Creative Partnerships Australia.

www.creativepartnershipsaustralia.org.au

Museum of Australian Democracy at Old Parliament House (MOAD)

MOAD promotes the value of Old Parliament House as a significant heritage site while ensuring the building and heritage collections are conserved for future generations. The museum also plays a significant role in exploring and communicating the intrinsic value of democracy.

We provided support to the Australian Government on matters relating to MOAD's governance, funding and events, and appointments to its governing board.

www.moadoph.gov.au

National Film and Sound Archive of Australia (NFSA)

The NFSA collects and preserves Australian film, recorded sound and broadcast, and their associated documents and artefacts. It shares the collection with audiences across Australia and overseas.

We provided support to the Australian Government on matters relating to the NFSA's governance, funding and events, and appointments to its governing board.

www.nfsa.gov.au

National Gallery of Australia (NGA)

The NGA aims to increase understanding, knowledge and enjoyment of the visual arts by providing access to, and information about, works of art locally, nationally and internationally.

We provided support to the Australian Government on matters relating to the NGA's governance, funding and events, and appointments to its governing council.

www.nga.gov.au

National Library of Australia (NLA)

The NLA aims to ensure that all Australians can access, enjoy and learn from a national collection that documents Australia's life and society.

We provided support to the Australian Government on matters relating to the NLA's governance, funding and events, and appointments to its governing council.

www.nla.gov.au

National Museum of Australia (NMA)

The NMA develops and maintains a national collection of historical material, and increases awareness and understanding of Australia's history and culture.

We provided support to the Australian Government on matters relating to the NMA's governance, funding and events, and appointments to its governing council.

www.nma.gov.au

National Portrait Gallery of Australia (NPGA)

The NPGA aims to increase the understanding and appreciation of the Australian people — their identity, history, creativity and diversity — through portraiture.

We provided support to the Australian Government on matters relating to the NPGA's governance, funding and events, and appointments to its governing board.

www.portrait.gov.au

Screen Australia

Screen Australia promotes audience engagement and supports a creative, innovative and commercially sustainable screen industry through the funding and promotion of culturally diverse Australian screen product.

We provided advice on screen policy and governance matters to the Australian Government and Screen Australia.

www.screenaustralia.gov.au



ANNUAL PERFORMANCE STATEMENTS

Statement of preparation	18
Purpose and performance measures	19
Summary of 2017–18 results	21
Detailed results and analysis of performance	23
Measures mapped between the Corporate Plan and Portfolio Budget Statements	73

Statement of preparation

I, Mike Mrdak AO, the accountable authority of the Department of Communications and the Arts, present the 2017–18 annual performance statements of the department, as required under paragraph 39(1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the department, and comply with subsection 39(2) of the PGPA Act.



Mike Mrdak AO
Secretary
12 September 2018

Purpose and performance measures

Our 2017–18 Corporate Plan articulates our purpose, to foster an environment in which all Australians benefit from access to diverse communications services and artistic and cultural experiences.

These benefits, or intended results (as per [Resource Management Guide 132: Corporate Plans for Commonwealth Entities](#)), relate to and facilitate the fulfilment of our purpose.

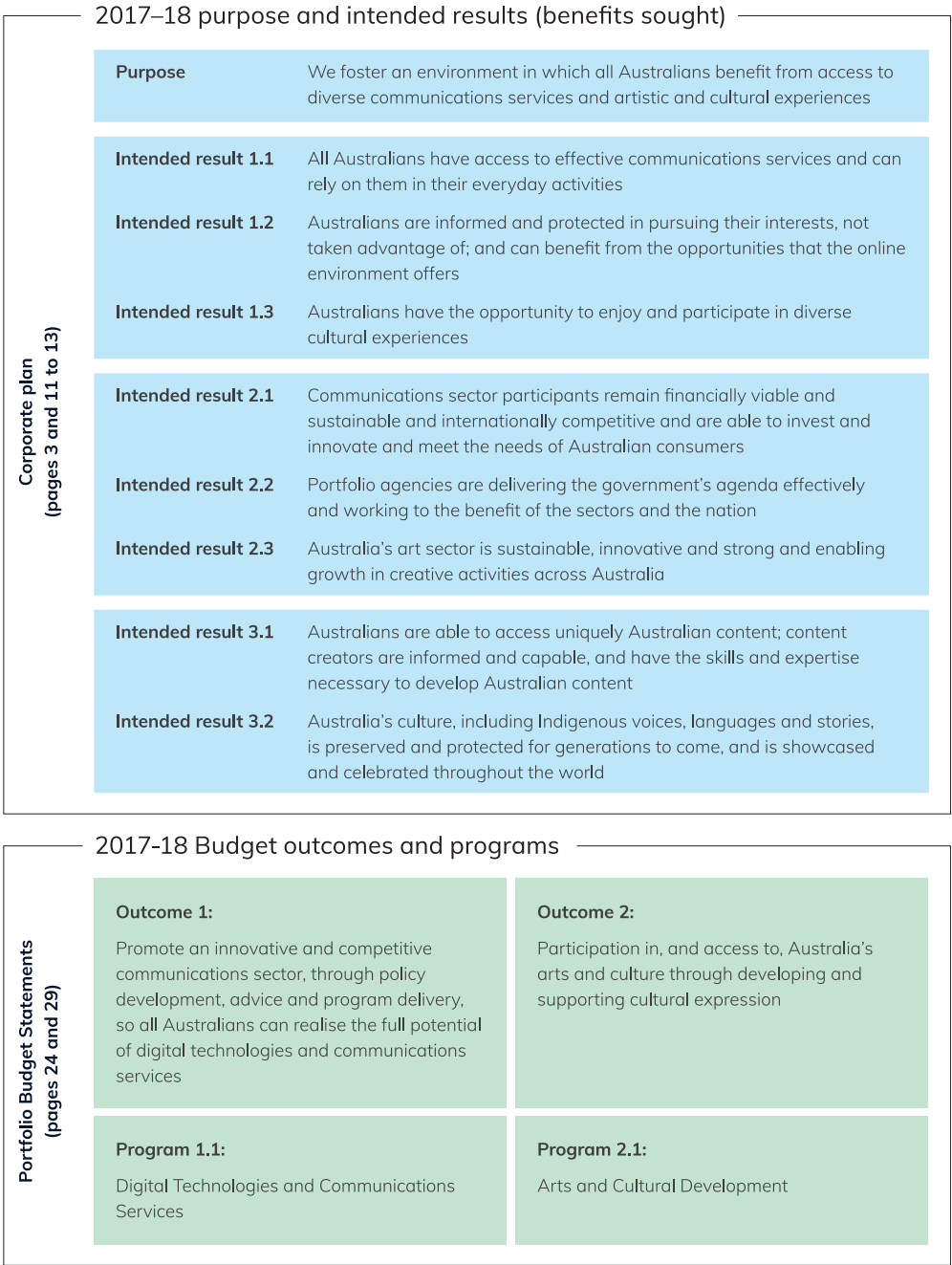
In reporting on our performance in these statements, we have reported on the results of our measures, and analysed our achievement against the intended results, to demonstrate progress in fulfilling our purpose.

To structure this performance statement, for each intended result, we have included:

- › a high-level summary for related measures using a rating system of 'Met', 'In progress' or 'Not met'
- › detailed results for related measures
- › an analysis of factors contributing to our performance in achieving the intended result and fulfilling our purpose

We have included mapping between our 2017–18 Portfolio Budget Statements and the 2017–18 Corporate Plan, as well as source information, in Table 2.15 at the end of these statements.

Figure 2.1 Our purpose and intended results, outcomes and programs



Summary of 2017–18 results

Table 2.1 Summary of result ratings

Measures	2017–18 result
<i>Intended result 1.1</i> All Australians have access to effective communications services and can rely on them in their everyday activities	
1.1.1 Delivery of Mobile Black Spot Program	In progress
1.1.2 Universal Service Obligation reform in response to Productivity Commission report	In progress
1.1.3 Minister's shareholder oversight of NBN Co's delivery of the NBN	Met
1.1.4 Consumer experiences using public data and research	Met
1.1.5 Stakeholder engagement to support improving consumer experience, including migration to the NBN	Met
<i>Intended result 1.2</i> Australians are informed and protected in pursuing their interests, not taken advantage of; and can benefit from the opportunities that the online environment offers	
1.2.1 Progress of review of framework for consumer safeguards	In progress
1.2.2 Engagement across government and industry to support effective consumer protections and safeguards	Met
1.2.3 Information published on consumer protections	Met
<i>Intended result 1.3</i> Australians have the opportunity to enjoy and participate in diverse cultural experiences	
1.3.1 Information on consumer engagement with National Cultural Institutions and artistic and cultural activities	Met
1.3.2 Information on access to the objects in the national collections (on display, on tour and online)	Met
<i>Intended result 2.1</i> Communications sector participants remain financially viable and sustainable and internationally competitive and are able to invest and innovate and meet the needs of Australian consumers	
2.1.1 Progress of reforms, including media, spectrum and copyright	In progress

Measures	2017–18 result
<i>Intended result 2.2</i> Portfolio agencies are delivering the government's agenda effectively and working to the benefit of the sectors and the nation	
2.2.1 Oversight of portfolio agencies' annual corporate plan compliance, financials and achievements	Met
2.2.2 Information on Commonwealth, state and territory, and philanthropic funding to the arts	Met
2.2.3 Elite training institutions' development of the next generation of arts performers and participants	Met
<i>Intended result 2.3</i> Australia's art sector is sustainable, innovative and strong and enabling growth in creative activities across Australia	
2.3.1 Analysis of contribution of the arts and cultural education to employment outcomes	In progress
2.3.2 Analysis of contribution of arts and culture to the economy	In progress
<i>Intended result 3.1</i> Australians are able to access uniquely Australian content; content creators are informed and capable, and have the skills and expertise necessary to develop Australian content	
3.1.1 Information provided through the Australia Council, Screen Australia, the Australian Broadcasting Corporation, the Special Broadcasting Service Corporation and the departmental grants programs	Met
3.1.2 Progress of the Australian and Children's Screen Content Review	Met
<i>Intended result 3.2</i> Australia's culture, including Indigenous voices, languages and stories, is preserved and protected for generations to come, and is showcased and celebrated throughout the world	
3.2.1 Information from the Indigenous languages and arts programs on Indigenous languages revived or maintained	Met
3.2.2 Access to cultural experiences and skills development opportunities in regional and remote areas including by, and for, Aboriginal and Torres Strait Islander peoples	Met
3.2.3 Information on Indigenous repatriation	Met
3.2.4 Information on international cultural activities and exchanges	Met

Detailed results and analysis of performance

All Australians have access to effective communications services and can rely on them in their everyday activities

Results

Table 2.2 Results for measures related to benefit sought 1.1

Measures	2017–18 results
1.1.1.1 Delivery of Mobile Black Spot Program	<p>In progress</p> <p>At the end of June 2018, 572 base stations had been deployed under the program, providing improved mobile coverage to an estimated 66,300 premises and 4,900km of major roads across regional and rural Australia. In 2017–18, 369 base stations went on air.</p>
1.1.2 Universal Service Obligation reform in response to Productivity Commission report	<p>In progress</p> <p>We have undertaken extensive research, data collection, stakeholder consultation and analysis to identify options for Australian Government consideration for the implementation of a Universal Service Guarantee (USG) which will ensure that premises in Australia have reliable access to both retail voice and broadband services. At the reporting date, we were well-advanced in preparing advice for government consideration in mid 2018–19.</p>
1.1.3 Minister's shareholder oversight of NBN Co's delivery of the NBN	<p>Met</p> <p>Our high-quality advice supporting the Minister in his shareholder role contributed to NBN services being available to 60% of Australian premises by 30 June 2018. The rollout is on track for completion in 2020. This level of network availability allowed 4 million premises to take up services through over 150 broadband retail service providers by mid-2018.</p>

Measures	2017–18 results
1.1.4 Consumer experiences using public data and research	<p>In progress</p> <p>We advised the Australian Government on regulatory measures to improve industry practices and addressed systemic failures impacting consumers drawing on research and data from independent sources, including evidence from industry, consumer groups and regulators.</p> <p>The implementation of enforceable industry standards has assisted to improve complaints handling, support connection to NBN services and provide better information for consumers. These changes will encourage improvements to industry practice and consumer experiences in transitioning to the NBN and confidence that once connected, consumers will get a reliable service and the speeds they pay for.</p> <p>Public reporting by NBN Co, which commenced in February 2018 and is updated monthly, shows an upward trend in key network measures that impact consumer sentiment.</p>
1.1.5 Stakeholder engagement to support improving consumer experience, including migration to the NBN	<p>Met</p> <p>We work across government and with consumer and industry stakeholders to develop solutions to improve the consumer experience and to ensure they are coordinated, complementary, effective and measureable.</p>

Analysis

Communications services play an important role in how Australians learn, communicate, create, do business and go about their daily lives. We are committed to ensuring that people in Australia have access to reliable high-speed broadband, phone and payphone services, regardless of where they live. To facilitate consumer access to affordable, competitive and reliable communications services in 2017–18, in addition to continuing to support an open, pro-competitive marketplace, we continued rolling out the Mobile Black Spot Program, supported the delivery by NBN Co Limited (NBN Co) of the NBN and progressed Universal Service Obligation reform. We also began work on the 2018 Regional Telecommunications Review.

The work of the department and our portfolio agencies also contributes to Australia’s efforts to achieve the United Nations’ Sustainable Development Goals. The 2030 Agenda for Sustainable Development was agreed by 193 Member States at the United Nations Sustainable Development Summit in New York in September 2015 and culminated in 17 clear goals to reach by 2030, which form a roadmap for global development efforts to 2030 and beyond. The goals apply equally to Australia and Australians as they do internationally. Our work to support access to communications contributes directly to Goal 9 — Industry, Innovation and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation; and Goal 11 — Sustainable Cities and Communities: Make cities and human settlements inclusive, safe, resilient and sustainable.

Mobile Black Spot Program

Competitive private sector investment has delivered quality mobile outcomes for the majority of Australians. The GSM Association, an international peak body for mobile network operators, has recognised Australia's mobile coverage, affordability, investment and innovation. It ranked Australia first of 134 nations in its most recent Mobile Connectivity Index (Source: GSM Association, 2016, [Connected Society: Mobile Connectivity Index Launch Report](#)). However, the economics of operating mobile services are such that commercial investment is not viable in less populated and geographically isolated areas of Australia.

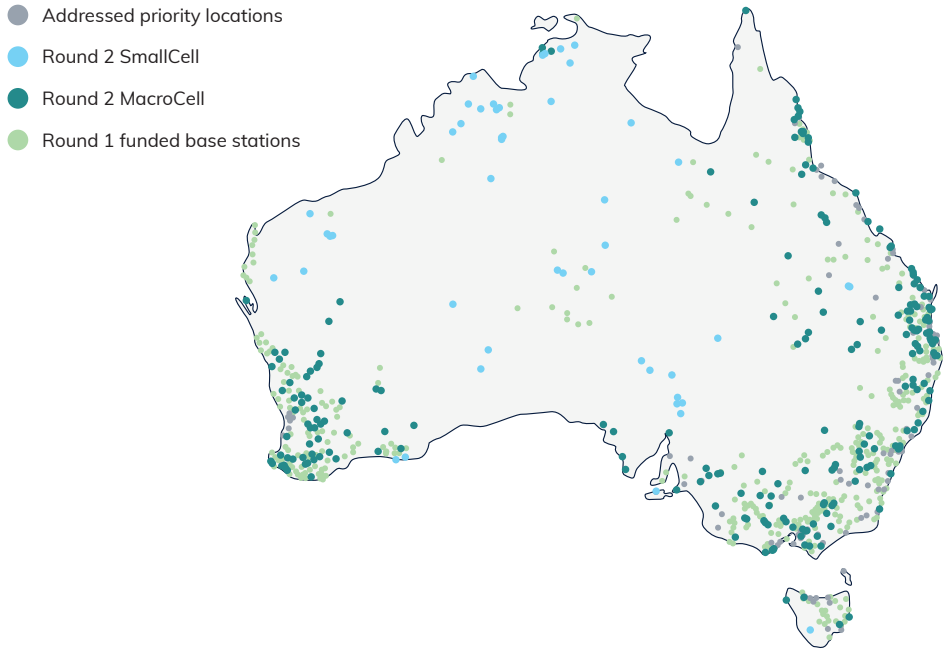
We administer the Mobile Black Spot Program, which supports communications access by expanding mobile coverage and increasing competition along major regional transport routes and in small communities. Through the program, we are significantly improving access to mobile communications services to Australians who previously had limited or no access to such service.

The Australian Government has committed \$220 million to the Mobile Black Spot Program from 2015–16 to 2019–20. Under the first 3 rounds of the program, the government's commitment has leveraged a total investment of more than \$680 million, which is delivering 867 new base stations across Australia. On 10 June 2018 the Australian Government announced a fourth round of the program.

As of 30 June 2018, 572 base stations funded through the program are on air, including 369 activated during 2017–18. These base stations are providing improved mobile coverage to an estimated 66,300 premises and 4,900km of major transport routes across regional and rural Australia. We are monitoring the program's effectiveness in improving access and competition at the state and community levels — for example, we can report that in their first 12 to 24 months of operation, approximately 10,300 triple zero emergency calls were made from base stations funded under the program, contributing towards community safety and welfare outcomes.

All 125 priority locations announced by the Australian Government in 2016 will receive improved mobile coverage through the Priority Locations round of the program announced in April 2018. The first base station under the Priority Locations round was activated in June 2018. The final base station under the first 3 rounds of the program is scheduled to be operational in June 2019.

Figure 2.2 Mobile Black Spot Program funded rounds 1 and 2, and Priority Locations round mobile base stations



CASE STUDY

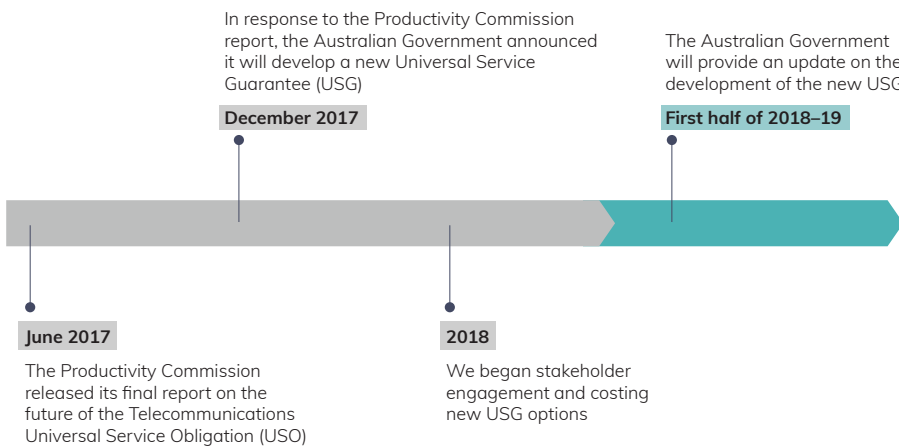
MOBILE BLACK SPOT PROGRAM: THE STUARTS WELL ROADHOUSE BASE STATION

The Stuarts Well Roadhouse, in the Northern Territory, is benefiting from a new base station, which now provides reliable mobile services to people travelling along the remote Stuart Highway. Stuarts Well Roadhouse is on the highway around 100km south of Alice Springs. After a recent truck accident, this service meant someone was able to call an ambulance using their mobile phone.

Universal Service Guarantee

In December 2017, in response to the Productivity Commission's [Inquiry into the Telecommunications Universal Service Obligation \(USO\)](#), the Australian Government announced it would develop a new Universal Service Guarantee (USG) to ensure premises in Australia have access to broadband services as well as voice services. As such, the new USG will reflect changes in consumer preferences and evolving technology: more use of data and mobile services, less use of fixed voice and payphone services. The new USG will be complemented by a new consumer safeguards framework. The USG will also provide access to payphones and community voice services in targeted areas with specific needs.

Figure 2.3 Key milestones to date in developing a new Universal Service Guarantee



To develop the USG, we undertook a number of streams of work including the collection and spatial analysis of service data, identifying and costing alternative approaches for delivering fixed voice and payphone services, and consulting stakeholders, particularly those representing regional, rural and remote consumers and industry.

The views of stakeholders are important to the design of the new USG. We developed and implemented a comprehensive stakeholder engagement plan aimed at identifying the current concerns and future expectations of key groups in the community, industry and government. The USG work has also been coordinated with the Regional Telecommunications Review and the Consumer Safeguards Review. We also worked closely with the Department of the Prime Minister and Cabinet, which administers programs under the Indigenous Advancement Strategy to provide community phone and WiFi access in remote Aboriginal and Torres Strait Islander communities.

Our work on options and stakeholder consultations will feed into policy advice on the new USG to the Australian Government later in 2018, after which the government is expected to provide a public update on USG development.

The Telecommunications Legislation Amendment (Competition and Consumer) Bill 2018 passed the House of Representatives on 10 May 2018 and the Australian Government introduced it into the Senate on 18 June 2018. The Bill will establish new Statutory Infrastructure Provider (SIP) obligations. The obligations will provide industry and consumers with certainty that all premises in Australia will have access to infrastructure that supports the delivery of superfast broadband services, and will form an important part of the USG.

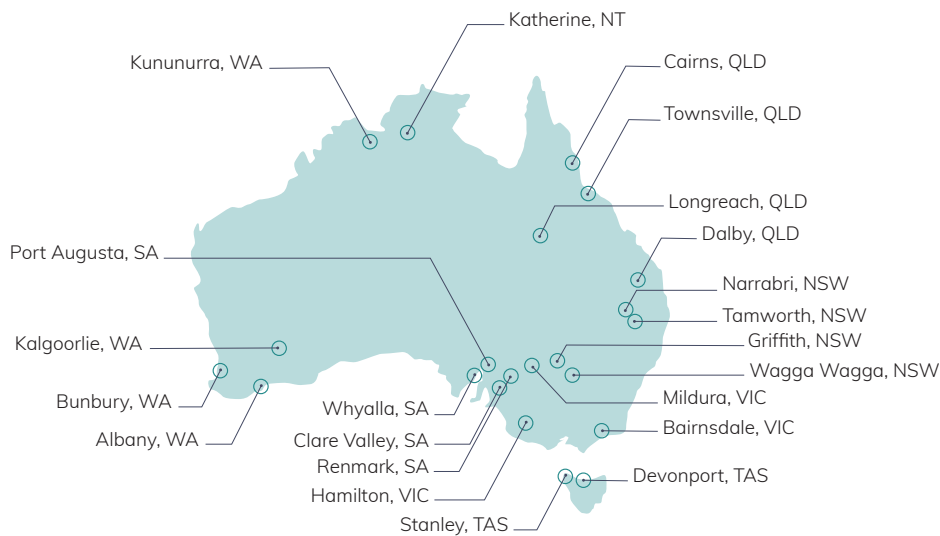
2018 Regional Telecommunications Review

On 30 April 2018, the Australian Government announced the 2018 Regional Telecommunications Review, which is reviewing telecommunications services in regional, rural and remote parts of Australia. As part of the review, a committee was formed with responsibility to:

- consider how regional communities can maximise the economic benefits of digital technologies
- consider how regional consumers use their broadband services and how they might derive more benefits
- analyse the coverage outcomes achieved through the Mobile Black Spot Program, and examine the extent of the existing gaps in mobile coverage in regional Australia

To support the consultation process for the review, we released the [Regional Telecommunications Review 2018 Issues Paper](#) on 7 June 2018. Figure 2.4 maps the locations where the committee conducted face-to-face community consultations in June and July 2018. The committee will report to the Minister later in 2018.

Figure 2.4 Community consultations for the Regional Telecommunications Review



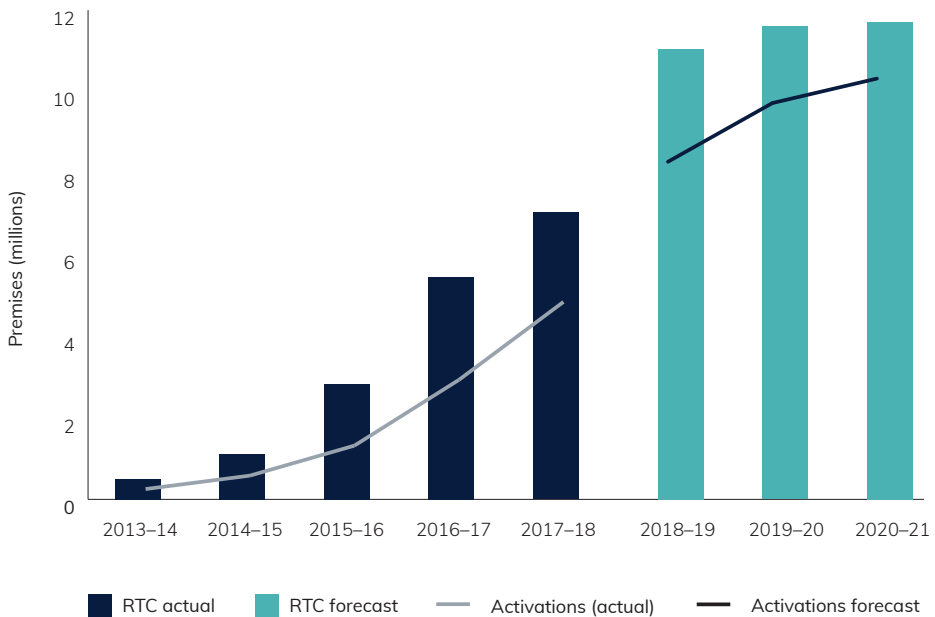
Support for NBN Co's delivery of the NBN

We support the Minister's shareholder oversight of NBN Co to ensure that the Australian Government's investment in the NBN works towards all Australians having access to broadband infrastructure. We also administer the Australian Government's \$19.5 billion loan on commercial terms to the company. Delivering the network as soon and as cost-effectively as possible will enable all Australians to better participate in the online environment and digital economy.

The NBN rollout remains at peak activity for the construction phase with an increasing focus on consumers and businesses migrating to the network. In 2017–18, we focused on activities that promoted access and reliability, including infrastructure deployment, monitoring the pace of rollout, and supporting NBN Co to address implementation issues, such as addressing consumer experience. Until the rollout is completed, we will continue to undertake these activities.

By 30 June 2018, over 60% of Australian premises could order NBN services. The network increased in size by 40% during the year with activations increasing by 65% to just over 4 million premises, and more than 100,000 further homes and businesses are taking up services every month. While the company made strong progress during the year not all end-of-year targets were achieved due to decisions made by the Australian Government and NBN Co to improve consumer experience.

Figure 2.5 NBN rollout: Premises ready to connect and activated



Source: NBN Co Weekly rollout update: 19 July 2018; NBN Co Corporate Plan 2018–21 (forecast)

Note: Ready to connect (RTC) refers to homes and businesses able to order NBN services.

CASE STUDY

NBN ROLLOUT



**By 30 June 2018,
60% of Australian
premises could
order NBN services**

The NBN is Australia's largest communications infrastructure upgrade ever undertaken. A growing number of communities and households are experiencing the benefits of the NBN. During the year NBN Co commissioned data analytics and economic research firm AlphaBeta to investigate the social and economic impacts of the network rollout. The research found that access to the NBN helped drive an estimated \$1.2 billion in additional economic activity in 2017, with this figure expected to increase to an estimated \$10.4 billion annual addition to gross domestic product (GDP) from 2021. These benefits include those to businesses and individuals with NBN access expected to contribute to the creation of up to 80,000 new businesses by 2021 and up to 148,000 additional digital jobs by 2021.

The benefits of the NBN rollout are pronounced in regional areas. By 30 June 2018, more than 86% of premises outside major urban areas were in NBN-ready areas. This included more than 2.2 million premises able to access the network through fixed-line services, more than 600,000 able to order services via fixed wireless and more than 400,000 able to order Sky Muster satellite services. NBN Co is continuing to monitor and enhance products that will benefit regional users. This includes increasing data allowance on the Sky Muster satellite service from October 2017 and signing a contract with the remote communications company Speedcast in February 2018 to develop business-grade services that can be offered over the Sky Muster satellites. Installation and service quality on the satellites continued to improve with 99% of installations completed within contractual timeframes and 90% being completed right the first time. For satellite services, 96% of end user faults are resolved within NBN Co's contractual timeframes.

AlphaBeta's research concluded that access to the NBN network helped drive \$450 million in additional GDP in regional areas in 2017–18 with this expected to increase to up to \$5.3 billion additional annual GDP by 2021. Access to the network had also created up to 1,750 regional jobs by 2017 and increased the rate of working from home in regional areas by 2.2% in the period from 2011 to 2016, versus a decline in this measure nationally. Network availability created a positive environment for business creation with new businesses in NBN-ready regional areas created at twice the rate of the national average and up to 5,400 additional businesses created in 2017.



**More than 86% of
premises outside
major urban
areas were in
NBN-ready areas**

Consumer sentiment towards the NBN and feedback on connecting and using NBN services are important metrics we monitor closely. During 2017–18, we continued to work closely with key stakeholders across government to gather evidence to inform policy advice to the Australian Government and solutions that were necessary to improve the NBN consumer experience. Using a variety of sources, it was evident that while many consumers had a good migration experience, a number of key 'pain points' needed to be addressed, including confusing information provided to consumers, handballing of complaints, lead times for connections and rescheduled appointments.

We worked with industry and government stakeholders to develop measures to address these issues.

- ▶ At 3 high-level industry forums, the Minister met with Chief Executive Officers of Communications Alliance, NBN Co, Optus, Telstra, TPG and Vocus to discuss issues impacting consumers and to seek industry commitment to address these. Outcomes of these meetings included industry commitment to work with NBN Co to improve processes.
- ▶ We also worked closely with the Australian Competition and Consumer Commission (ACCC) to introduce the Measuring Broadband Australia program to independently test broadband speeds delivered by major retail service providers over the NBN. In 2017, the ACCC issued guidance to industry on advertising broadband speeds, setting benchmarks as to how speeds should be advertised to make it clear to consumers what speed they should expect of their service, particularly in peak periods. The program commenced in January 2018, with the first public report published in March 2018. By publicly reporting the results, the Australian Government is holding retail providers to account for the broadband speeds they provide and, for the first time, consumers are able to see whether retail providers are delivering the speeds they paid for, and can rely on advertised speeds being delivered, including at peak times, so they can have confidence in undertaking everyday activities.
- ▶ We provided advice to the Minister on regulatory measures to address industry gaps and to ensure a sector-wide approach was applied to improve the NBN consumer experience. In December 2017, the Australian Government announced \$8.7 million for the Australian Communications and Media Authority (ACMA) to introduce industry standards to improve complaints handling, service continuity during migration, and information provided to consumers about their NBN service. Following consultation, these standards were made by the end of June 2018, with some commencing from 1 July 2018.

Recent data indicates that the Australian Government measures are having a positive effect. NBN Co public reporting as outlined in Table 2.3, which commenced in February 2018, shows an upward trend in key measures influencing consumer sentiment.

Table 2.3 NBN Co key measures influencing public sentiment

Metric	February 2018	June 2018
Installed right the first time	89%	92%
Meeting agreed installation times	92%	95%
Meeting agreed fault restoration times	85%	90%
Proportion of NBN Co connected premises on higher speed wholesale plans (50Mbps or higher)	25%	45%

Australians are informed and protected in pursuing their interests, not taken advantage of; and can benefit from the opportunities that the online environment offers

Results

Table 2.4 Results for measures related to benefit sought 1.2

Measures	2017–18 results
1.2.1 Progress of review of framework for consumer safeguards	<p>In progress</p> <p>On 17 April 2018, the Minister released Terms of Reference for the Consumer Safeguards Review. We are conducting the review in 3 parts — A: Consumer redress and complaints handling; B: Reliability of services; and C: Choice and fairness in the retail relationship between customers and their provider. The review will report to the Australian Government by the end of 2018.</p>
1.2.2 Engagement across government and industry to support effective consumer protections and safeguards	<p>Met</p> <p>We engaged across government and industry to identify consumer protections and safeguards reform opportunities with the potential to benefit both consumers and the sector. Details are provided below about our achievements through this engagement in ensuring Australians are informed and protected, and can realise benefits from the opportunities the online environment offers.</p>
1.2.3 Information published on consumer protections	<p>Met</p> <p>We publish up-to-date information on consumer safeguards on our website, including on online safety, the Australian Government's approach to consumer safeguards, Consumer Safeguards Review, Telecommunications Industry Ombudsman (TIO), Telecommunications Consumer Protections Code (TCP Code), low-income measures, and summaries of the ACMA's and ACCC's responsibilities with regard to the Customer Service Guarantee, Network Reliability Framework, TCP Code and Australian Consumer Law.</p> <p>We will also shortly publish research papers to assist stakeholders consider Consumer Safeguards Review issues, and to support policy development activities.</p>

Analysis

We enable the effective operation of consumer protections and safeguards, so that Australians can interact safely in a trusted digital environment. This includes balancing the needs of consumers and industry to ensure that Australians can make the most of opportunities in the online environment. We began a Consumer Safeguards Review in 2017–18, we also engaged across industry and government on a range of initiatives including classification, online safety reforms, gambling regulation, the work of the TIO, the TCP Code review and improving online opportunities for the visually impaired. We also manage a contract with the Australian Communications Consumer Action Network to research, develop and publish information to inform consumers on consumer protections and safeguards.

Consumer Safeguards Review

The Australian telecommunications industry has transformed extensively over the past 2 decades, driven by new technologies, increased competition, rapidly changing consumer preferences and the rollout of the NBN. In 2017–18, we provided policy advice to prepare the telecommunications consumer protections framework for a post-2020 environment in which the NBN has been rolled out to all Australian homes and businesses.

On 17 April 2018, the Minister released the [Terms of Reference for the Consumer Safeguards Review](#). The review is being conducted in 3 parts and will make recommendations on the level of consumer safeguards required so that telecommunications customers:

- › Part A — Have access to effective consumer redress and complaint handling mechanisms
- › Part B — Have reliable telecommunications services that allow customers to carry out everyday activities
- › Part C — Are able to exercise informed choice in selecting services and are treated fairly, including with respect to sales and customer service; contracts, billing, credit and debt management; and switching providers

We undertook work to develop proposals covering each of the above 3 topic areas this financial year, and will continue into next financial year. We will release associated discussion papers containing proposals for reform in 2018–19 for public and industry consultation. The review will report to the Australian Government by December 2018.

We have engaged an expert lead reviewer for the Consumer Safeguards Review to help lead stakeholder engagement activities. We aim to ensure the review will contribute towards ensuring Australians are informed and protected and realise benefits from the opportunities the online environment offers.

Classification

An effective classification framework helps inform consumer choices about entertainment content such as films, computer games and certain publications and helps parents to manage potential harms to children and young people.

In 2017–18, we continued to provide secretariat support to the Classification Board and the Classification Review Board, to enable them to make classification decisions within statutory timeframes to inform consumer choices, and provided services to enable industry to apply for classification decisions. We commenced work to develop an online classification training service, to make it easier for industry and government clients to be trained on classification. We are also scoping ways to improve the classification website to provide better information for consumers and industry.

We advised the Minister on reforming the National Classification Scheme to suit a modern media-converged environment. As part of this, we commissioned research on community standards relating to aspects of the current Classification Code and Guidelines and will publish this research on www.classification.gov.au when it is finalised.

An effective classification framework minimises the regulatory burden to the content industry (including film distributors, home entertainment distributors and game developers) while ensuring that consumers have the classification information they need. To reduce costs to the DVD and cinema sectors we advised the Minister on amendments to the Classification (Publications, Films and Computer Games) (Modifications of Films) Instrument 2015 so that certain types of modified films do not need to be classified again. To develop these amendments, we used internal data on industry classification applications and feedback from stakeholders across the film and home video industries, a community advocacy group and the Classification Board.

We are responding to consumer demand for fast-tracked international content, by starting the development of a new industry self-classification tool for films and TV series to improve the timeliness and efficiency of our services to industry. The development of an industry self-classification tool involved consultations with international classification bodies (including Europe, New Zealand, the United Kingdom and the United States) and industry stakeholders.

Online safety

To implement a civil penalty regime for the non-consensual sharing of intimate images, targeted at both perpetrators and content hosts to quickly take down images, we supported the Australian Government's introduction of the Enhancing Online Safety (Non-consensual Sharing of Intimate Images) Bill 2018. The Bill is expected to be debated in the House of Representatives during Spring 2018 sittings.

In June 2018, the Australian Government announced a review of the Enhancing Online Safety Act 2015, which sets out the powers, functions and governance arrangements for the Office of the eSafety Commissioner, which is responsible for promoting online safety for Australians. In a concurrent review of Schedules 5 and 7 to the Broadcasting Services Act 1992, we will examine the continuing effectiveness of the online content scheme for the removal of illegal and offensive content.

Gambling regulation

The gambling reforms we implemented in 2017–18 will improve consumer protections. The reforms, which came into effect on 13 September 2017, give the ACMA new powers to enforce prohibitions on illegal interactive gambling services. We also reformed gambling advertising restrictions to reduce exposure of child audiences to gambling promotions during live sports broadcasts between 5am and 8.30pm. These reforms will help prevent gambling activities becoming normalised for children and reduce the risk of problem gambling behaviours later in life. We are implementing the restrictions via industry codes of practice for broadcast sectors, and via the Communications Legislation Amendment (Online Content Services and Other Measures) Act 2018 for online content services. The Act received Royal Assent on 11 April 2018.

Telecommunications Industry Ombudsman (TIO)

The TIO provides an independent dispute resolution service for telephone and internet complaints. We worked with the TIO on the first legislated, independent review of its operations. The review examined the effectiveness of the TIO's complaints resolution processes, approach to systemic issues in improving industry practice and engagement with stakeholders, including consumers, and whether changes are required to deliver effective dispute resolution in a high-volume complaints environment. We provided the report and TIO response to the Minister on 13 December 2017. The TIO supported, or supported in principle, all of the review's recommendations and is working to implement them.

We also liaised with the TIO on the TIO's proposed revisions to its Terms of Reference to address the increasing complexity of the telecommunications supply chain arising from the rollout of the NBN and strengthening its collection and reporting of complaints data to assist consumers, industry and government to identify systemic industry issues and significant consumer complaints trends. We are considering the revisions as part of the Consumer Safeguards Review, due to be completed by the end of 2018.

TCP Code review

The TCP Code provides a host of consumer safeguards for mobile, landline and internet customers, set out in clear rules that telecommunications providers must follow. The rules cover advertising and point of sale, billing, payment methods, complaint handling and when customers change their service provider.

We are on the Communications Alliance Working Committee responsible for reviewing the TCP Code, to afford improved protection to consumers in a changing online environment. The working group includes the industry body Communications Alliance, the ACMA, the ACCC and consumer representatives. Throughout the review in 2017–18, we have advocated for improvements to safeguards for consumers transitioning services over to the NBN, specifically in relation to customer information, service transfers, and complaints handling mechanisms.

Audio Description Working Group: opportunities for the visually impaired

An audio description is a narration track intended primarily for blind and visually impaired consumers of visual media, increasing opportunities for visually impaired persons to access and benefit from the opportunities offered by the online environment. The Audio Description Working Group includes representatives from the department and from consumer and vision groups, the free-to-air and subscription television industry, audio description service providers and media accessibility researchers from Curtin University. We held 4 working group meetings in the second half of 2017, with additional liaison outside the meetings, to draft the [Audio Description Working Group Final Report](#), a report to the Minister on options for the implementation of audio description. The group reported to the Minister in December 2017.

Australians have the opportunity to enjoy and participate in diverse cultural experiences

Results

Table 2.5 Results for measures related to benefit sought 1.3

Measures	2017–18 results
1.3.1 Information on consumer engagement with National Cultural Institutions (NCIs) and artistic and cultural activities	<div>Met</div> <p>In 2017–18, there were 9,962,689 in-person visits to engage with the NCIs’ collections, comprising 4,574,835 on-site visits and 5,387,854 off-site visits. Compared to 2016–17 when there were 10,770,462 total in-person visits, on-site visits remained steady, while off-site visits decreased. Off-site visits to NCIs include visits to travelling and outreach programs/supported events/exhibitions (including viewing art works loaned from collecting institutions).</p> <p>Virtual visits to NCIs’ websites increased by 15% compared to 2016–17 to 46.6 million visits and over 263.8 million page views, from 40.5 million visits and 252 million page views in 2016–17.</p>
1.3.2 Information on access to the objects in the national collections (on display, on tour and online)	<div>Met</div> <p>Of the 10.6 million objects in national collections in 2017–18, 886,379 objects were accessible online. This is an 8.7% increase in the proportion of objects available online, compared to the 807,661 objects available to the public online in 2016–17.</p> <p>In 2017–18, we funded the development and tour of 18 exhibitions under the National Collecting Institutions Touring and Outreach Program.</p>

Analysis

We facilitated access to Australian arts, cultural experiences and related skills development opportunities. The arts encompasses a plethora of activities including theatre, dance, visual arts and craft, music, literature, digital exploration and cross-artform work. The Australia Council's [Connecting Australians: Results of the National Arts Participation Survey](#), released in June 2017, found 98% of Australians engage with the arts and more people recognise the positive impacts of the arts compared with past results. It also found online and live arts experiences are both important to Australians. In 2017–18, we continued to support Australia's National Cultural Institutions (NCIs) and administered programs to facilitate public access to Australian arts and cultural experiences.

National Cultural Institutions

The NCIs comprise the Australia Council, Australian Film Television and Radio School, Australian National Maritime Museum, Bundanon Trust, Creative Partnerships Australia, Museum of Australian Democracy at Old Parliament House, National Film and Sound Archive of Australia, National Gallery of Australia, National Library of Australia, National Museum of Australia, National Portrait Gallery of Australia and Screen Australia.

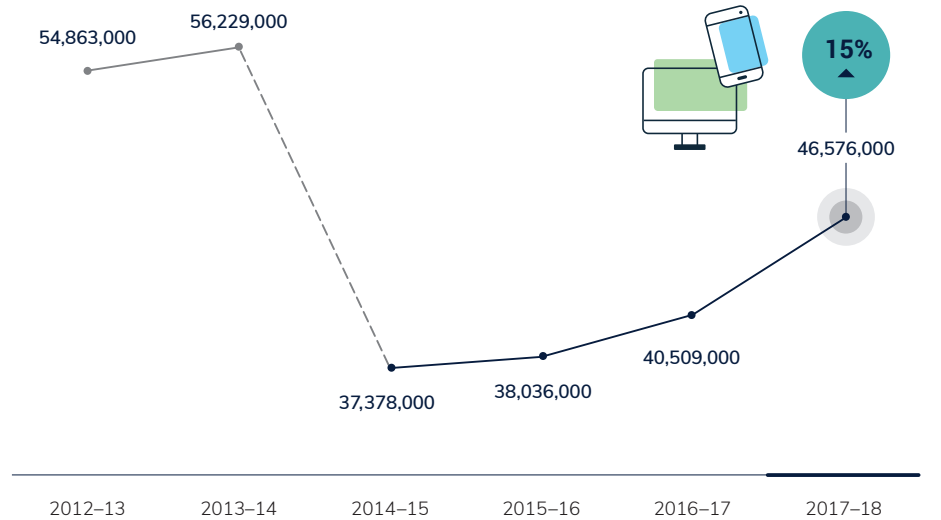
Australia's NCIs support a diverse Australian culture by protecting and celebrating Australia's rich cultural heritage. Increasingly, Australia's NCIs are using digital technologies to deliver services, supporting greater participation of audiences and in particular the research community. In this way, artistic and cultural institutions are fostering creativity and providing rich data sources that promote innovation across the community.

We provide a consistent way for NCIs to report on key performance indicators relating to access to Australian and international cultural material, including within the national collections. This work assisted individual institutions to track their activity, contributed to understanding of benchmarks and best practice, and informed the policy advice we formulated on the sector more broadly. The data informs policy considerations including in relation to the outcomes, impact and long-term sustainability of the NCIs. Each institution has different strategic goals and operating environments that have an impact on their results. Each institution's annual report should be referred to for analysis of their results.

With our support, the NCIs worked to ensure Australians had access to artistic and cultural experiences and to the national collections. For example, during the year, exhibitions were displayed across metropolitan, regional and remote venues. On-site visits to NCIs were above the 6-year average (since the consistent KPI reporting began). Off-site visitation was below average. Some institutions recorded an increase in off-site visitation, and the majority recorded a decrease.

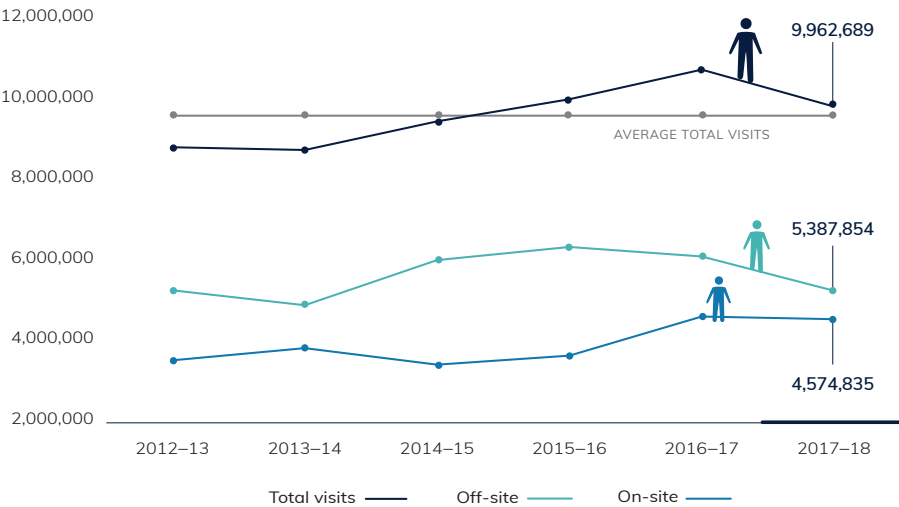
There was a record number of attendances at Australia Council supported arts activities, at 22.7 million, up from 16.3 million in 2016–17. There was also a record audience number for Screen Australia productions shown at movie theatres, at 3.4 million, up from 2.9 million in 2016–17.

Figure 2.6 Number of website visits to National Cultural Institutions



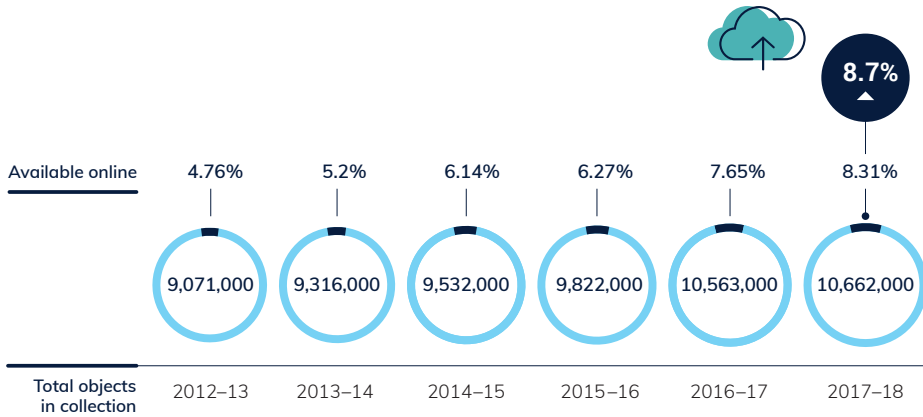
Source: Derived from aggregated NCI data

Figure 2.7 On- and off-site visits to National Cultural Institutions



Source: Derived from aggregated NCI data

Figure 2.8 Objects in national collections available to the public online



Source: Derived from aggregated NCI data

Programs to facilitate access to artistic and cultural experiences

We manage numerous programs that facilitate access to artistic and cultural activities, outlined in Table 2.6.

Table 2.6 Programs that facilitate access to artistic and cultural activities

Program	2017-18 program impact
National Collecting Institutions Touring and Outreach Program	We provided \$1 million to 9 institutions to develop and tour 19 exhibitions, particularly to regional Australia, improving access to the national collections for a projected audience of 430,000.
Visions of Australia program	We provided \$2.4 million for 28 exhibition development and touring activities. This included 10 existing multi-year activities and 18 new exhibitions which will travel to 134 venues, including 81 regional and remote venues, enabling greater access to quality art for a projected audience of 740,000.
Australian Government International Exhibitions Insurance program	We provided \$2.4 million to major galleries and museums around Australia to defray insurance costs to make international artworks and cultural objects accessible to Australian audiences that might otherwise not be seen in Australia. Exhibitions that drew on this program included 'Cartier: The Exhibition' at the National Gallery of Australia, the National Gallery of Victoria's exhibition 'MoMA at NGV' and 'A Window on Italy — The Corsini Collection: Masterpieces from Florence' at the Art Gallery of Western Australia.

Program	2017–18 program impact
Cultural Gifts Program	In 2017–18, we endorsed over \$57 million worth of donations of art and cultural objects to Australia's public collections as tax deductible.
National Arts and Disability Strategy	We are a partner in the National Arts and Disability Strategy, which is a joint initiative of the Australian Government and state and territory governments. To support the strategy, we worked to facilitate access and participation to the arts by people with disability. In 2017–18, we finalised the National Arts and Disability Strategy Evaluation Report 2013–2015 and cultural ministers agreed to its 3 recommendations. These were to develop a resource hub on arts and disability, facilitate linkages between the arts and social services portfolio, and renew the strategy for 2019, in consultation with arts and disability stakeholders.
Indigenous Languages and Arts program	We provided \$20.3 million for Indigenous languages and arts projects across Australia, assisting Aboriginal and Torres Strait Islander peoples to express, preserve and maintain their cultures. We funded 116 projects in 2017–18, including a network of 22 language centres responsible for reviving and maintaining 165 Aboriginal and Torres Strait Islander languages.
Indigenous Visual Arts Industry Support program	We provided \$20.7 million to support over 80 Indigenous-owned art centres as well as a number of service organisations, arts hubs and art fairs that together provided professional opportunities for around 7,000 Aboriginal and Torres Strait Islander artists and more than 300 Aboriginal and Torres Strait Islander arts workers.
Festivals Australia program	In 2017–18, we received 178 funding applications to support art projects at festivals or significant one-off celebrations across Australia. We provided \$1.2 million to 30 organisations.
Regional Arts Fund	We received 821 funding applications. We provided \$3.3 million to 350 successful applicants which included 124 community grants for arts projects to provide Australians in regional and remote Australia with the opportunity to enjoy and participate in high-quality, innovative and diverse art and cultural experiences.
Anzac Centenary Arts and Culture Fund	We received 10 funding applications seeking support for arts and cultural projects to commemorate the centenary of the First World War from 2014 to 2018. We provided \$0.7 million to 4 successful applicants.

Communications sector participants remain financially viable and sustainable and internationally competitive and are able to invest and innovate and meet the needs of Australian consumers

Results

Table 2.7 Results for measures related to benefit sought 2.1

Measure	2017–18 results
2.1.1 Progress of reforms, including media, spectrum and copyright	<p>In progress</p> <p>We progressed many significant reforms in 2017–18, in the areas of broadcasting, media and content, telecommunications, spectrum (including 5G), post, gambling and copyright (see Table 2.8).</p>

Analysis

We have worked with the communications sector so that policy and regulatory frameworks support domestic and international competitiveness and the national interest. Through progressing reforms, we are working to help the sector remain competitive, and meet the needs of Australian consumers. To progress these reforms, we provided advice to the Minister, and prepared supporting materials to assist the Australian Government to secure the passage of Bills through Parliament.

Communications sector regulatory and policy frameworks must be fit-for-purpose so that consumers, businesses and industry are able to take advantage of the economic and social benefits offered by digital technologies. Regulation must aim to ensure the market operates effectively, so resulting competition can deliver positive outcomes for consumers. Regulatory settings must also ensure businesses are able to innovate and compete on a level playing field without being unduly stifled by red tape.

As well as progressing communications sector reforms, as outlined in Table 2.8, we:

- ▶ entered into a funding agreement with Fox Sports to increase coverage of sports that currently receive low or no broadcast exposure
- ▶ provided cross-departmental advice on free trade agreements to support domestic market competition and access by Australian businesses to foreign markets
- ▶ opened the first funding rounds of the Regional and Small Publishers Cadetship Program and Regional Journalism Scholarships Program on 27 June 2018 to support regional and small publishers adapt to the challenges of the contemporary media environment, create employment, and support regional students to study journalism

Table 2.8 Summary of communications sector reforms

Reform	Intent of reform	Status
Broadcasting, media and content reforms		
Broadcasting and Content Reform Package (Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017) (Commercial Broadcasting (Tax) Bill 2017)	To benefit the broadcasting sector, including: <ul style="list-style-type: none"> ▶ increasing the sector's financial viability through real reductions in broadcasting licence fees and reducing media ownership and control restrictions ▶ creating a more competitive broadcast industry through modernising media regulation ▶ improving the sustainability of the free-to-air broadcasters 	The Broadcasting Legislation Amendment (Broadcasting Reform) Bill was passed on 16 October 2017. Together with the Commercial Broadcasting (Tax) Bill 2017, which was passed on 14 September 2017, this Bill implements some of the key measures forming part of the reform package.
National Broadcasters Legislation Amendment (Improving Salary Transparency) Bill 2017	To make salary and allowances paid to employees and contractors of ABC and SBS more transparent.	The Australian Government introduced the Bill to the Senate on 6 December 2017.
ABC reforms (Australian Broadcasting Corporation Amendment (Fair and Balanced) Bill 2017) (ABC Amendment (Rural and Regional Measures) Bill 2017)	To: <ul style="list-style-type: none"> ▶ expand the existing statutory duty of the ABC Board by including the requirement to be 'fair' and 'balanced' in relation to the gathering and presentation of news and information by the ABC ▶ make regional and rural engagement and coverage mandatory for the ABC, including the creation of Australian content, and to establish a Regional Advisory Council to advise the ABC Board 	The Australian Government introduced the Bills to the Senate on 18 October 2017.

Reform	Intent of reform	Status
Competitive neutrality of the national broadcasters	To address concerns raised with the Australian Government from sectors of Australia's commercial media industry and from Members of Parliament as to whether the national broadcasters are operating appropriately in the modern media environment.	<p>On 29 March 2018, the Minister announced an expert panel to conduct an inquiry into the competitive neutrality of the ABC and SBS and we established a taskforce to support the panel.</p> <p>The panel released an issues paper on 26 April 2018 — Inquiry into the Competitive Neutrality of the National Broadcasters: Issues Paper — and called for public submissions by 22 June 2018. More than 6,800 submissions were received, over 6,600 of which were submitted through an online campaign. These have been published on our website. The Minister extended the inquiry completion date to the end of September 2018.</p>
Regional and small publishers (Communications Legislation Amendment (Regional and Small Publishers Innovation Fund) Bill 2017)	To establish the power for the ACMA to administer \$50 million in grant funding for regional and small publishers. Funding will be available for projects such as purchasing or upgrading equipment and software, developing apps, business activities that drive revenue and readership and training.	<p>The Bill was passed on 30 May 2018.</p> <p>We have also advised and supported the ACMA on the preparation of the program administration documents, and the appointment of an Advisory Committee, to support the first funding round of the program.</p>
Reach of Australia's media in the Asia-Pacific region	The review is assessing the reach of Australia's media in the Asia-Pacific region, including examining whether shortwave radio technology should be used. All media distribution platforms — television, radio and online — are being examined, including commercial, community and publicly funded services. The review is also looking at different types of technologies such as analogue, digital and satellite radio and television services and online services.	We released Terms of Reference for a Review of Australian Broadcasting Services in the Asia-Pacific on 4 June 2018, and called for stakeholder submissions.

Reform	Intent of reform	Status
Foreign media ownership and community radio (Broadcasting Legislation Amendment (Foreign Media Ownership and Community Radio) Bill 2017)	To further enhance the local content provisions in the legislation to ensure more local content is available to audiences in the event of control changes; expand the current support for community broadcasting; and introduce a register of significant foreign ownership interests in Australia's regulated media platforms.	The Bill was introduced to the Senate on 6 December 2017.
Telecommunications reform		
Telecommunications Reform Package (Telecommunications Legislation Amendment (Competition and Consumer) Bill 2018) (Telecommunications (Regional Broadband Scheme) Charge Bill 2018)	<p>To promote consumer and competition outcomes and decrease regulatory burden, while providing greater assurances regarding provision of services, including in regional and remote areas.</p> <p>The proposed reforms to wholesale and retail separation rules, and the creation of Statutory Infrastructure Provider arrangements, would result in a net positive benefit of \$816,000 in savings per year. These reforms are contained in the Telecommunications Legislation Amendment (Competition and Consumer) Bill 2018.</p> <p>The Telecommunications Reform Package also seeks to establish the Regional Broadband Scheme through the Telecommunications (Regional Broadband Scheme) Charge Bill 2018.</p>	<p>The Australian Government introduced both Bills into the Senate on 18 June 2018, after they passed the House of Representatives on 10 May 2018.</p> <p>We provided support to the Australian Government in relation to the Senate Environment and Communications Legislation Committee inquiry and report on the Bills, including the Australian Government response of 25 January 2018.</p>

Reform	Intent of reform	Status
Telecommunications carrier powers and immunity powers reform	<p>To support the efficient and timely rollout of carrier infrastructure to the benefit of the wider community while giving due regard to the interests of property owners.</p> <p>Carriers have estimated that reforms could result in reductions in costs, and economic and social productivity benefits to consumers. At the same time, operational improvements can better allow property owners to protect their interests.</p>	<p>The Australian Government consulted on a number of proposed reforms to carrier powers and immunities in June 2017. In March 2018, the government announced it was implementing 10 reforms to carrier powers and immunities. The Minister remade the Telecommunications (Low-impact Facilities) Determination 2018 and Telecommunications Code of Practice 2018 to implement 9 changes. The Telecommunications Legislation Amendment Bill 2018 (introduced into the Senate on 25 June 2018) will implement the 10th reform.</p> <p>The Australian Government is conducting further consultations with carriers and property owner stakeholders on further reforms to powers and immunities.</p>
Communications Legislation Amendment (Deregulation and Other Measures) Bill 2018	To reduce the regulatory burden on the broadcasting and telecommunications industries in a range of areas. A key focus of the Bill is to create a framework to transition to industry management of telephone numbering (a function currently undertaken by the ACMA) subject to a number of safeguards.	The Bill was introduced into the Senate on 19 March 2018, having passed the House of Representatives on 28 February 2018.
Competition and Consumer Amendment (Misuse of Market Power) Act 2017	To amend the telecommunications-specific anti-competitive laws in light of the strengthening of the misuse of market power law in section 46 of the Competition and Consumer Act 2010 following the 2015 Competition Policy Review (Harper Review).	The Act came into force on 23 August 2017.

Reform	Intent of reform	Status
Spectrum reforms (including for 5G)		
Spectrum policy (Radiocommunications Act 1992)	<p>To reduce regulatory burden and support industry investment in new technologies by:</p> <ul style="list-style-type: none">➤ removing prescriptive processes and streamlining licensing➤ integrating the management of broadcasting spectrum (including planning, licensing and pricing) into the general spectrum management framework, while providing certainty of access to spectrum➤ providing for more efficient and effective management of spectrum for the benefit of industry and consumers <p>Spectrum is used for applications such as radio and television, mobile and satellite communications, the Internet of Things, smart cities and defence. It is essential to a digitally networked economy and is a major contributor to Australia's economic and social wellbeing. The economic value of Australia's spectrum to the national economy is estimated to be \$177 billion over 15 years.</p> <p>The framework needs to be modernised to reflect changes in technology and this will contribute towards a financially viable, sustainable and internationally competitive sector which is able to innovate and meet the needs of Australian consumers.</p>	<p>In 2015, the Australian Government accepted the recommendations of the Spectrum Review, and we have progressed rewriting the Radiocommunications Act 1992 via the radiocommunications reform bill package.</p> <p>We completed the Spectrum Pricing Review and the Commonwealth Held Spectrum Review during the year, and these were agreed by the Australian Government and published in March 2018. We have started implementing the reviews' recommendations.</p> <p>Implementing the Australian Government's spectrum reform agenda will be a multi-year process due to its size and complexity.</p>

Reform	Intent of reform	Status
Spectrum pricing (Commercial Broadcasting (Tax) Act 2017)	To bring commercial broadcasters into the spectrum management framework consistent with other spectrum users. In effect, commercial broadcasters will now pay approximately \$40 million per year instead of \$75,000 per year.	<p>We reviewed spectrum prices for commercial broadcasters and these were reflected in the 2017–18 Budget and subsequent Commercial Broadcasting (Tax) Act 2017. We modelled a spectrum price more reflective of its value.</p> <p>We made the first transitional support payments to recipients to ensure they are no worse off as a result of the changed regulatory environment.</p> <p>The Bill received Royal Assent on 18 September 2017. We have since implemented the transitional arrangements for broadcasters. The ACMA is responsible for the ongoing implementation of taxing arrangements.</p>
5G security	To provide advice to the Australian Government on evolving security threats or vulnerabilities from the move to 5G.	<p>We worked with the Department of Home Affairs and other entities to analyse and prepare advice to the Australian Government on security issues for 5G. This has included consulting with telecommunications providers, liaising with posts in like-minded countries overseas, supporting senior officials' international engagement and briefing for the Minister.</p>

Reform	Intent of reform	Status
5G policy directions	To support the Australian community and economy enjoying the benefit of 5G networks.	<p>We are implementing the Australian Government's recommendations in the 5G policy directions paper 5G, Enabling the Future Economy:</p> <ul style="list-style-type: none"> › making spectrum available in a timely manner. We supported the Minister to reallocate spectrum in the 3.6GHz band for 5G use, given it is a pioneer band for 5G internationally › actively engaging in the international spectrum harmonisation process, including taking on the Head of Delegation role for the World Radiocommunication Conference › establishing a 5G Working Group with industry and government to facilitate dialogue on barriers and opportunities to taking up 5G. The first meeting of the working group was held in February 2018 and we supported industry bodies to deliver information sessions on 5G to government representatives in June 2018
Public Safety Mobile Broadband (PSMB)	To support state and territory governments to implement a federated, interoperable PSMB capability.	As co-chair of the Senior Officials Committee (SOC) meeting with the Department of Home Affairs, we worked with state and territory governments to finalise the high-level objectives and requirements for a PSMB capability. The SOC also considered spectrum requirements.

Reform	Intent of reform	Status
Postal reforms		
Australia Post	To assist Australia Post in evolving its business and maintaining financial sustainability as Australians transition from the traditional letters service to digital means of communicating with each other. Post office visits are down 43% since their peak in 2003, and letter volumes continue to decline at around 10% per year. Australia Post is still required to meet community service obligations set out in legislation, and deliver letters and maintain a post office network to standards prescribed in regulations.	In 2017–18 we worked with Australia Post in undertaking a review of the existing regulatory framework and identifying and evaluating options for regulatory reform.
Postal security (Australian Postal Corporation Act 1989)	To legislate and regulate the environment to better manage security risks from inbound international mail.	<p>We have developed amendments to the Australian Postal Corporation Act 1989 to support effective and efficient mail screening.</p> <p>International exchange of mail is governed by treaties under the Universal Postal Union. In 2017–18, we briefed the Joint Standing Committee on Treaties in support of ratification of the treaties that were signed at the Universal Postal Congress in October 2016. This treaty system ensures that Australians continue to benefit from a connected global postal network.</p>

Reform	Intent of reform	Status
Gambling reforms		
Gambling regulations (Interactive Gambling Act 2001)	To support the viability of the domestic industry to provide services to consumers in a regulated environment.	We drafted:
(Interactive Gambling Amendment Act 2017)	<i>Illegal online</i> Offshore operators do not pay taxes, or product or licence fees, or employ Australians. These reforms support the local industry to ensure they are not at a competitive disadvantage to illegal offshore providers.	<ul style="list-style-type: none"> the Interactive Gambling Amendment Act 2017 which came into effect on 13 September 2017
(Interactive Gambling (Sporting Events and Excluded Wagering Services) Determination 2017)	<i>Multiple day sporting events</i> To provide clarity to industry and consumers on betting during multiple day sporting events.	<ul style="list-style-type: none"> the Interactive Gambling (Sporting Events and Excluded Wagering Services) Determination 2017. The instrument was approved by the Minister and came into effect on 11 December 2017
(Interactive Gambling Amendment (Lottery Betting) Bill 2018)	<i>Lottery betting</i> To prohibit lottery betting services in Australia, protecting small business and government services aimed at the community.	<ul style="list-style-type: none"> the Interactive Gambling Amendment (Lottery Betting) Bill 2018. Parliament passed the Bill on 28 June 2018 and it will come into effect 6 months from Royal Assent
Copyright reforms		
Copyright (Copyright Amendment (Service Providers) Act 2018)	Intellectual property and copyright arrangements are a critical element to support economic growth and Australia's broader innovation agenda. With the rapidly changing digital and copyright environment, the Australian Government is committed to modernising Australia's 50-year-old copyright legislation.	During 2017–18, we progressed the first stage of copyright regulatory reform. Following extensive consultations on the safe harbour scheme in mid-2017, we assisted the Australian Government's passage of the Copyright Amendment (Service Providers) Act 2018 through Parliament. We undertook consultations to update the copyright regulations and new streamlined regulations were remade in December 2017.
(Collecting Societies Code of Conduct)	We are progressing implementation of the Australian Government's response to the copyright issues raised in the Productivity Commission's Inquiry into Intellectual Property Arrangements	
	These arrangements aim to strike an appropriate balance between encouraging new innovations while ensuring respect for the creative efforts and economic rights of copyright owners. Our work seeks to maintain copyright legislative frameworks that maximise the benefits to both creators and consumers.	

CASE STUDY

IMPROVING COPYRIGHT PROTECTIONS IN THE DIGITAL AGE

The digital age has provided significant opportunities for the educational, disability and cultural sectors to deliver important services to Australians. Many of these opportunities may, however, put these sectors at a high risk of copyright infringement. The safe harbour scheme in the Copyright Act 1968 helps alleviate this risk where an organisation can demonstrate it has taken reasonable steps to reduce copyright infringement on their systems or network. The Australian Government undertook a significant reform of the safe harbour scheme following extensive consultation with copyright users and rights holders.

In 2017, the department began consultations with stakeholders on extending the safe harbour scheme. The aim of this was to consider reforms to ensure that the scheme continued to strike an appropriate balance between encouraging the development of new and innovative services, and ensuring that Australian creators can retain control and derive value from their copyright material. The resulting Copyright Amendment (Service Providers) Bill 2017 was introduced into Parliament in December 2017 and passed in June 2018.

The Act extends the safe harbour scheme to the disability, educational and cultural sectors to provide greater certainty about when they can perform legitimate functions without the risk of being liable for copyright infringements committed by their users. In doing so, we have helped enhance their ability to provide more innovative and creative services for all Australians.

Portfolio agencies are delivering the government's agenda effectively and working to the benefit of the sectors and the nation

Results

Table 2.9 Results for measures related to benefit sought 2.2

Measures	2017–18 results
2.2.1 Oversight of portfolio agencies' annual corporate plan compliance, financials and achievements	<p>Met</p> <p>All 18 portfolio entities submitted their annual reports and corporate plans to the department which we reviewed for compliance. We assisted specific entities to secure funding for critical works, and provided oversight of financials. We also provided analysis to the Australian Government on the challenges facing our portfolio entities including in the online environment, and on reform options that will support the achievement of key policy outcomes and legislative obligations.</p>
2.2.2 Information on Commonwealth, state and territory, and philanthropic funding to the arts	<p>Met</p> <p>The latest Australian Bureau of Statistics (ABS) data is for 2016–17, which was reported and consolidated in 2017–18.</p> <p>In 2016–17, the estimate of total expenditure funded by the 3 tiers of government was \$6,122 million for cultural activities. This comprised:</p> <ul style="list-style-type: none"> ➤ \$2,383.8 million (39% of total) from the Australian Government ➤ \$2,065.1 million (34%) from state and territory governments ➤ \$1,673.2 million (27%) from local governments <p>In 2016–17, more than \$110.6 million in philanthropic funding was provided to organisations listed on the Register of Cultural Organisations.</p>
2.2.3 Elite training institutions' development of the next generation of arts performers and participants	<p>Met</p> <p>In 2017–18, we provided over \$21 million to the 7 national performing arts training organisations for elite training in the performing arts. In 2017, 1,198 students successfully completed courses at these institutions.</p>

Analysis

We engage with portfolio entities and sectoral institutions to support their governance, sustainability and achievement of the Australian Government's objectives. We do this to ensure that communications and the arts remain accessible to all Australians, support research communities and leverage digital technologies in delivering services. We support the 7 national elite performing arts training organisations to educate and train the next generation of professional performing artists and associated arts workers.

We engaged closely with all our portfolio entities to monitor their performance against government objectives and compliance with reporting obligations. To support their business operations, we oversee all our portfolio entities' compliance with statutory governance requirements, including in relation to corporate plans and annual reports, and entity head and board appointments, and we stay aware of their financials, achievements and challenges. Table 2.10 lists our portfolio entities and provides additional supporting information about our role through 2017–18.

Through the Public Service Modernisation Fund, \$48.5 million over 3 years from 2017–18 will assist 7 National Collecting Institutions to address unfunded capital works, and to implement longer term operational efficiencies. Of this, \$8.2 million will assist in the delivery of core programs and services.

Table 2.10 Oversight of our portfolio entities

Entity	Additional and supporting information
Australia Council	We supported the Australia Council in meeting its objectives under relevant legislation. This included the provision of advice on the corporate plan, annual report, budget matters and issues included in the statement of expectation from the Minister. We also provided advice on Chief Executive Officer (CEO) and Board appointments.
Australia Post	Our work to update the Shareholder Process Manual for Australia Post means it now reflects the enhanced processes we applied for reviewing the most recent Australia Post annual report. We analysed financial performance and achievements against their legislated obligations in quarterly reports. We worked closely with Australia Post on options to underpin its medium-term sustainability. The Australian Government supported key appointments to refresh the leadership, including a new CEO for Australia Post. We continue to support the Australian Government and shareholder Minister in achieving Australia Post reforms.
Australian Broadcasting Corporation (ABC)	We supported the ABC to meet its objectives, under relevant legislation, including providing appropriate funding for 2017–18; and provided advice on new policy and legislative measures associated with the media reform package and on the policy implications for the Australian Government of ABC management decisions, such as the Investing in Audiences strategy being implemented by the ABC.
Australian Communications and Media Authority (ACMA)	We worked with the ACMA to implement the Australian Government's response to the ACMA Review , to ensure the ACMA can respond effectively to the challenges of the future communications environment. We engaged closely to monitor its performance against government objectives and compliance with reporting obligations. The Australian Government supported key appointments to refresh the leadership, including 5 full-time Authority members, including the Chair.

Entity	Additional and supporting information
Australian Film, Television and Radio School (AFTRS)	We supported AFTRS in meeting its objectives under relevant legislation. This included the provision of advice on the corporate plan, annual report, budget matters and issues included in the statement of expectation from the Minister. We also provided advice on Council appointments.
Australian National Maritime Museum (ANMM)	Our support for ANMM enabled it to meet its objectives under relevant legislation. This included providing advice to ANMM on its corporate plan, annual report, operational plan, budget matters and issues included in the statement of expectation from the Minister. We also provided advice to the Australian Government on Council appointments and measures proposed by the ANMM to commemorate the 250th anniversary of Captain James Cook's first Pacific voyage. The Minister announced in the 2017–18 Budget context that the ANMM would receive an additional \$1.8 million over 3 years for anniversary-related measures. This followed the announcement in the 2017–18 Budget of an additional \$13.9 million over 3 years from the Public Service Modernisation Fund to enable the ANMM to undertake urgent and critical capital works. A number of these commenced in 2017–18 after we assisted the ANMM secure the required contract approvals.
Bundanon Trust	We supported the Bundanon Trust in meeting its objectives under relevant legislation. This included the provision of advice on the corporate plan, annual report, budget matters and issues included in the statement of expectation from the Minister. We also provided advice on Board appointments. In addition to annual operational funding, we provided \$450,000 to assist with Bundanon Trust's critical capital works projects.
Creative Partnerships Australia	We supported Creative Partnerships Australia in meeting its objectives under relevant legislation. This included the provision of advice on the corporate plan, annual report, budget matters and issues included in the statement of expectation from the Minister. We also provided advice on Board appointments. On 18 December 2017, as part of the 2017–18 Mid-Year Economic and Fiscal Outlook, the Minister announced the continuation of funding for Creative Partnerships. We secured an additional \$3.7 million per year from 2018–19, confirming Creative Partnerships annual resourcing will be maintained at its current level of \$4.4 million (indexed). The majority of Creative Partnerships funding had been due to terminate on 30 June 2018.
Museum of Australian Democracy at Old Parliament House (MOAD)	To assist MOAD to meet its objectives under relevant legislation, we provided advice on the corporate plan, annual report, budget matters and issues included in the statement of expectation from the Minister. We also provided advice on Board appointments. We secured \$13.6 million over 3 years from the Public Service Modernisation Fund to assist MOAD undertake critical maintenance works, which was announced in the 2017–18 Budget.

Entity	Additional and supporting information
National Film and Sound Archive of Australia (NFA)	We supported the NFA in meeting its objectives under relevant legislation. This included the provision of advice on the corporate plan, annual report, budget matters and issues included in the statement of expectation from the Minister. We also provided advice on Board appointments. We secured an additional \$3.9 million over 3 years from the Public Service Modernisation Fund to assist the NFA with capital works, which the Australian Government announced in the 2017–18 Budget.
National Gallery of Australia (NGA)	We supported the NGA in meeting its objectives under in relevant legislation. This included the provision of advice on the corporate plan, annual report, budget matters and issues included in the statement of expectation from the Minister. We also provided advice on Council appointments. The Minister announced in the 2018–19 Budget context that the NGA would receive an additional \$21.5 million over 4 years to assist it undertake critical building repairs.
National Library of Australia (NLA)	To support the NLA in meeting its objectives under relevant legislation, we provided advice on the corporate plan, annual report, budget matters and issues included in the statement of expectation from the Minister. We also provided advice on Council appointments and measures proposed by the NLA to commemorate the 250th anniversary of Captain James Cook's first Pacific voyage. The Minister announced in the 2018–19 Budget context that the NLA would receive an additional \$4.6 million over 4 years for anniversary-related measures.
National Museum of Australia (NMA)	We supported the NMA in meeting its objectives under relevant legislation. This included the provision of advice on the corporate plan, annual report, budget matters and issues included in the statement of expectation from the Minister. We also provided advice on Council appointments and measures proposed by the NMA to commemorate the 250th anniversary of Captain James Cook's first Pacific voyage. The Minister announced in the 2018–19 Budget context that the NMA would receive an additional \$6.6 million over 3 years for anniversary-related measures. This followed the Minister's announcement in the 2017–18 Budget of an additional \$8.9 million over 3 years from the Public Service Modernisation Fund to enable the NMA to expand a pilot program, which consolidates the delivery of corporate and business functions of collecting institutions.
National Portrait Gallery of Australia (NPGA)	We supported the NPGA in meeting its objectives under relevant legislation. This included advising on the corporate plan, annual report, budget matters and issues included in the statement of expectation from the Minister. We also provided advice on Board appointments.

Entity	Additional and supporting information
NBN Co	Over the year, we supported NBN Co in meeting its objectives under relevant legislation. We ensured NBN Co had sufficient funding to progress the rollout. We managed final equity payments to NBN Co totalling \$2.035 billion. We implemented arrangements related to the Commonwealth's \$19.5 billion loan provided on commercial terms that is supporting rollout activity while minimising cost and risk to the Australian Government. As part of implementing loan arrangements, we received expert advice to support establishment of loan drawdown procedures and we established an approval and review process for monthly loan drawdowns, including analysis of variances and loan drawdowns in the context of construction progress. From October 2017 to June 2018, NBN Co made 9 loan drawdowns with a combined total of \$5.531 billion.
Office of the eSafety Commissioner	We supported the Office of the eSafety Commissioner in meeting its objectives under relevant legislation. We prepared funding proposals, and provided assistance in relation to budgeting, reporting and briefings. We prepared the Enhancing Online Safety (Non-consensual Sharing of Intimate Images) Bill 2018, which will provide the eSafety Commissioner with enforcement powers to address the issue of non-consensual sharing of intimate images.
Screen Australia	Over the year, we supported Screen Australia in meeting its objectives under relevant legislation. This included the provision of advice on the corporate plan, annual report, budget matters and issues included in the statement of expectation from the Minister. We also provided advice on Board appointments.
Special Broadcasting Service (SBS)	We supported the SBS in meeting its objectives under relevant legislation. This included providing appropriate funding for 2017–18 and advice on new policy and legislative measures associated with the media reform package. We advised the Australian Government on the policy implications of SBS management decisions, such as the new programming schedule for language services on SBS radio.

CASE STUDY

MEASURING THE PERFORMANCE OF NATIONAL CULTURAL INSTITUTIONS

We are continuing to refine a framework the NCIs can use to measure and report on the collective impact of the Australian Government's investment and their success in meeting the government's cultural priorities. This includes access, relevance, vibrancy, education, national leadership and organisational excellence.

Cultural data

The Australian Bureau of Statistics (ABS) provides us with cultural data under a Memorandum of Understanding. This data provides insight into Commonwealth, state and territory funding of the arts as well as broad indicators and trends within the Australian arts and cultural sector. This data can be used to assess trends in government investment, cultural attendance and cultural participation over time. It contributes to the Australian Government's policy agenda by providing a rigorous evidence base to inform decisions and to identify emerging trends.

Our research in 2016–17 found that private sector support for the arts in Australia is estimated to have grown from \$221.1 million in 2009–10 to between \$268.5 million and \$279.8 million in 2015–16.

CASE STUDY

OVERSIGHT OF NBN CO

The shareholder Ministers' [Statement of Expectations for NBN Co](#) requires the company to roll out the network as soon and as cost-effectively as possible, and to provide affordable services with peak wholesale download data rates of at least 25 megabits per second (Mbps) to all premises. The rollout should prioritise locations that are poorly served to the extent commercially and operationally feasible, ensure service quality and continuity for consumers and be a vehicle for market reform.

We regularly engage with NBN Co and they provide regular updates to the Australian Government and the public about their rollout and financial progress. Our role includes ongoing monitoring to ensure NBN Co meets the requirements of the Public Governance, Performance and Accountability Act 2013 framework and Australian Government Business Enterprise Guidelines.

Our February 2018 working paper, [Demand for Fixed-line Broadband in Australia](#), analysed the likely demand for fixed-line broadband services. 'As shown in Figure 2.9 ... NBN Co expects to provide wholesale peak speeds of 25Mbps to all Australian premises, with the NBN also able to provide over 70% of premises with access to 100Mbps services and almost half with 1 gigabit per second (Gbps) speeds once the NBN is fully rolled out.

As part of our oversight role, we assessed NBN Co's corporate plan jointly with the Department of Finance in the first half of 2018. This work involved an in-depth evaluation of NBN Co's deployment and financial forecasts, risk management strategies and governance structures. During the year we received weekly and monthly updates from NBN Co on the progress of the rollout and participated in monthly shareholder meetings with NBN Co.

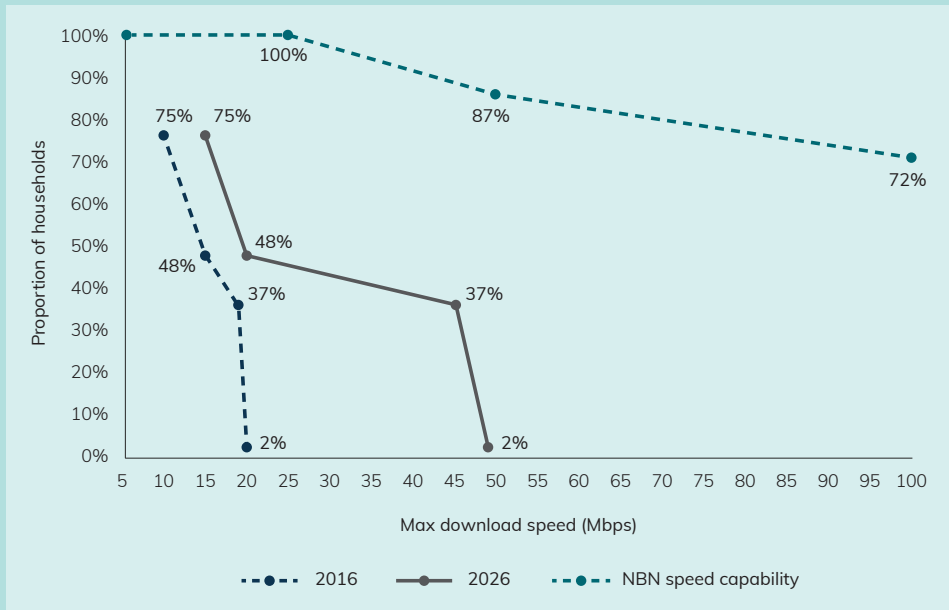
With respect to prioritising underserved locations, Exhibit 3 in NBN Co's Corporate Plan 2018–21 shows that the company continues to progress rollout in underserved areas ahead of locations with better services. This is also reflected in the advanced state of regional rollout. By mid-2018 over 95% of regional premises were able to order services or had network construction underway. Almost all of the remaining premises in regional areas had also entered the network design stage.

The role of the NBN as a vehicle for market reform is illustrated by the more than 150 broadband retailers offering services over the network as at mid-2018. The Australian Competition and Consumer Commission's (ACCC) [Communications Sector Market Study — Final Report](#) released in April 2018 found a 4.5% decline in real prices for NBN services during 2016–17 and that these price reductions were accompanied by a 24% increase in data quotas.



The role of the NBN as a vehicle for market reform is illustrated by the more than 150 broadband retailers offering services over the network as at mid-2018

Figure 2.9 Peak household bandwidth demand (2016 versus 2026) and NBN speed capability



Note: Beyond 100Mbps, 52% of households are forecast to be capable of achieving speeds of 500Mbps, and 49% to achieve speeds up to 1Gbps.

National elite performing arts training organisations

We are committed to ensuring all Australians have the opportunity to participate fully in the arts. The national arts training organisations provide the most talented Australians with an opportunity to excel in their chosen fields, and they support the development of vibrant creative industries.

The Australian Film, Television and Radio School (AFTRS) is a portfolio entity, and together with Australia's 7 national elite performing arts training organisations they are known as ARTS8. These training organisations provide Australia's creative industries with a reliable source of elite-level graduates who are immediately employable in a multitude of roles. Graduates are instrumental in sustaining the financial and cultural success of the national and international entertainment industries, helping to ensure the arts sector can continue to deliver for the national interest into the future.

Successive Australian governments have provided operational funding to the 7 national elite performing arts training organisations to operate as national centres of excellence in the performing arts. Core funding provides the basis for the arts training organisations to offer merit-based student places in the courses offered by these institutions. We provide oversight of, and capital works funding for, Commonwealth-owned infrastructure to support delivery by these organisations.

Australia's 7 national elite performing arts training organisations are:

- › Australian Ballet School
- › Australian National Academy of Music
- › Australian Youth Orchestra
- › Flying Fruit Fly Circus
- › National Aboriginal Islander Skills Development Association (NAISDA) Dance College
- › National Institute of Circus Arts (NICA)
- › National Institute of Dramatic Art (NIDA)

Australia's art sector is sustainable, innovative and strong and enabling growth in creative activities across Australia

Results

Table 2.11 Results for measures related to benefit sought 2.3

Measures	2017–18 results
2.3.1 Analysis of contribution of the arts and cultural education to employment outcomes	<p>In progress</p> <p>ABS data shows that over 1 million people were employed in Australia's creative sector in 2014–15 and that there were approximately 160,000 creative businesses in operation. There has been substantial growth in employment in the creative sector — nearly twice the rate of the total Australian workforce.</p>
2.3.2 Analysis of contribution of arts and culture to the economy	<p>In progress</p> <p>The creative sector is significant to Australia's economy. Estimates based on ABS data show that cultural and creative activity contributed approximately \$106 billion (equivalent to over 6%) to Australia's gross domestic product in 2014–15.</p>

Analysis

We assist the creative sector in building sustainability and resilience and identifying opportunities for innovation. We support the creative industries to be sustainable, innovative, strong and an important contributor to our nation's cultural life and economy. A creative economy contributes to cultural diversity, social inclusion, knowledge building and technological advancement. Creativity is key to innovation, driving sustainability and prosperity. Our support is through effective and efficient management and oversight of policy and programs, including the film tax offsets, Location Incentive grants, Resale Royalty Right for Visual Artists Act 2009 and associated scheme, and the lending rights programs.

Australia is home to a wide range of creative arts and industries, from world-class screen production, to visual and performing arts, to book publishing and the games sector. Australia has a vibrant arts and entertainment community which is known internationally for its unique style and its reflection of Australia's rich Indigenous cultures. Australia also plays a key role in the education, training and development of future leaders across all arts and creative industries. The work of the department and our portfolio agencies to support the creative industries also contributes to Australia's efforts to achieve the United Nations' Sustainable Development Goals. This work contributes directly to Goal 9 — Industry, Innovation and Infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.

Analysing the contribution of arts and culture to the economy and employment

As digital disruption reshapes the Australian economy and workforce, Australians will need to have the necessary skills to embrace the future world of work. Creative skills are likely to be particularly important with creativity critical to innovation, and therefore to productivity, living standards and wellbeing.

We are developing our evidence base about the importance of creative skills and cultural and creative activity to the economy.

Initiatives to support creative industries' contribution to the economy

Our programs and policies support Australia's creative industries in producing original, compelling and accessible content.

› Location Offset, and Post, Digital and Visual Effects (PDV) Offset

The Location Offset provides a 16.5% rebate on productions that spend at least \$15 million on qualifying Australian production expenditure. The PDV Offset provides a 30% rebate on the qualifying post, digital and visual effects expenditure of productions that spend at least \$500,000 on qualifying Australian expenditure, including productions not necessarily shot in Australia. In 2017–18, the Minister issued 111 final certificates to applicants for the Location Offset and PDV Offset. The Film Certification Advisory Board issued a further 34 provisional certificates for these offsets. The qualifying Australian production expenditure of these productions totalled \$573.63 million, with an estimated rebate payable to these productions of \$137.64 million.

› Foreign Actor Certification Scheme

This scheme assesses applications for foreign performers to enter Australia to work on film and television productions. Applicants are required to demonstrate a genuine requirement for a foreign performer to receive certification. The scheme ensures that Australian industry personnel are given a fair opportunity to secure employment in film and television productions shot in Australia, and that Australian voices are heard in Australian productions in keeping with the Australian Government's cultural objectives. In 2017–18, we certified 76 foreign actors under the scheme.

› Resale Royalty Scheme

Under the Resale Royalty Scheme, visual artists are entitled to a royalty payment of 5% of the resale price for eligible works of art resold commercially for \$1,000 or more. At 30 June 2018, the scheme had generated more than \$6.305 million in royalties for 1,621 artists from 17,042 resales.

› Public and Educational Lending Rights schemes

In 2017–18, through the lending rights schemes, we made over 17,200 payments totalling \$22.3 million, to Australian creators and publishers. These funds compensate writers, illustrators and publishers for income lost through the free use of their books in public and educational lending libraries and meet the objective of supporting the growth and development of Australian writing.

› Artbank

Artbank's core objectives are to provide direct support to Australian contemporary artists through the acquisition of their work and to promote the value of Australian art to the broader public. Artbank funds its operations through the leasing of artworks from its collection and aims to increase the sustainability and accessibility of Australian art, to support artists, and to encourage engagement with and appreciation of Australian contemporary art by the broader community. In 2017–18, Artbank purchased 181 new works and rented 4,632 works to 553 clients.

Australians are able to access uniquely Australian content; content creators are informed and capable, and have the skills and expertise necessary to develop Australian content

Results

Table 2.12 Results for measures related to benefit sought 3.1

Measures	2017–18 results
3.1.1 Information provided through the Australia Council, Screen Australia, the Australian Broadcasting Corporation, the Special Broadcasting Service Corporation and the departmental grants programs	<p>Met</p> <p>Through effective and efficient management of a range of programs, we support the creation of, and access to, Australian content that reflects our identity, character and cultural diversity.</p> <p>In 2017–18 the Australian Government invested over \$1.3 billion to support the ABC and SBS. This investment ensured that the ABC and SBS were able to continue to provide television, radio and digital media services, in line with their charters.</p>
3.1.2 Progress of the Australian and Children's Screen Content Review	<p>Met</p> <p>We released a public discussion paper in August 2017 and in response received more than 60 submissions. We also held consultations with stakeholders from across the industry. Market research was conducted to assess community views regarding Australian and children's content. The findings of the Australian and Children's Screen Content Review were delivered to the Minister in December 2017. We are now working to formulate a response to the review, including associated metrics and Regulation Impact Statement, for consideration by the Australian Government.</p>

Analysis

We worked with the communications and arts sectors to create and promote content that reflects Australia's identity, character and cultural diversity. Education and training plays a key role in the development of future leaders across all arts and creative industries, from screen production, to visual and performing arts, to book publishing and video games.

In 2017–18, we worked closely with stakeholders on the Australian and Children's Screen Content Review, to develop options to ensure Australian screen content continues to be available to audiences at home and overseas.

We support content creators to be informed and capable, and to have the skills and expertise necessary to develop original, compelling and accessible Australian content, through portfolio entities and collaboratively administered programs, described in Table 2.13.

Table 2.13 Programs and portfolio entities through which the Australian Government supports the creation of, and access to, Australian content

Program/Portfolio entity	Status
Australia Council	<p>The Australia Council is the Australian Government's arts funding and advisory body. The Council makes decisions on grants funding at arm's length from government through peer assessment. The Council funds a range of arts activities including the creation of new work, collaborations, touring, productions, exhibitions, performances, publishing, recording, promotion, market development and audience engagement, as well as undertaking and publishing research on the arts. The Council's work is documented on its website at www.australiacouncil.gov.au.</p> <p>A specific function of the Australia Council is the administration of the Major Performing Arts (MPA) Framework, through which the Australian Government and state governments provide operational funding to, and outline the expectations of, 28 leading performing arts companies. MPA companies are also central to the creation and promotion of uniquely Australian content.</p>
Australian Broadcasting Corporation (ABC)	<p>In 2017–18, the Australian Government provided the ABC over \$1 billion. This investment ensured that the ABC was able to continue to provide television, radio and digital media services in line with its charter.</p> <p>We supported the implementation of new local programming obligations established by the government's 2017 Media Reform package, including working with the ACMA on how the measures will be applied to specific geographic regions.</p>
Australian Film, Television and Radio School (AFTRS)	<p>AFTRS is funded by the Australian Government to support the development of a professional screen arts and broadcast culture in Australia including through the provision of specialist industry-focused education, training and research.</p>
Foreign Actor Certification Scheme	<p>To assist in achieving Australian Government cultural objectives, the scheme assesses applications for performers to enter Australia to work on film and television productions. Through attracting high-profile actors, we can assist and improve the health of the Australian industry. Applicants are required to demonstrate a genuine requirement for a foreign performer to receive certification. In 2017–18, we certified 76 foreign actors under the scheme.</p>

Program/Portfolio entity	Status
Location Offset, and Post, Digital and Visual Effects (PDV) Offset	The Location Offset provides a 16.5% rebate on productions that spend at least \$15 million on qualifying Australian production expenditure. The PDV Offset provides a 30% rebate on the qualifying post, digital and visual effects expenditure of productions that spend at least \$500,000 on qualifying Australian expenditure, including productions not necessarily shot in Australia. In 2017–18, the Minister issued 111 applicants with final certificates for the Location Offset and PDV Offset. The Film Certification Advisory Board issued a further 34 provisional certificates for these offsets. The qualifying Australian production expenditure of these productions totalled \$573.6 million, with an estimated rebate payable to these productions of \$137.6 million.
National Performing Arts Training Organisations	The Australian Government provided over \$21 million in operational funding to 7 national elite performing arts training organisations to operate as national centres of excellence in the performing arts. Together with AFTRS, which is a separate statutory authority, these organisations form the ARTS8. The ARTS8 organisations provide Australia's creative industries with a reliable source of elite-level graduates who have the skills required to contribute towards Australian content creation and performance.
Prime Minister's Literary Awards	<p>The Prime Minister's Literary Awards celebrate outstanding literary achievement in Australia and the valuable contribution Australian literature and history makes to the nation's cultural and intellectual life. The awards have continued to provide positive support to Australian writers and the sales of Australian books. In 2017–18, there were 466 entries across the 6 categories of fiction, poetry, non-fiction, Australian history, young adult literature and children's literature. Recommendations to the Prime Minister on shortlists and winners were made by 15 judges across 3 expert panels.</p> <p>2017 marked the 10th year of the awards. Since 2008, we have received more than 4,000 entries and awarded \$4.75 million to 223 authors and illustrators.</p>
Resale Royalty Scheme	Under the scheme, visual artists are entitled to a royalty payment of 5% of the resale price for eligible works of art resold commercially for \$1,000 or more. At 30 June 2018, the scheme had generated more than \$6.3 million in royalties for 1,621 artists from 17,042 resales.
Screen Australia	Screen Australia is the Australian Government's principal agency for providing funding and investment to produce Australian screen content that reflects Australia's identity, character and cultural diversity. The agency makes its funding decisions at arm's length from government.
Special Broadcasting Service Corporation (SBS)	<p>In 2017–18, the Australian Government provided the SBS \$280.1 million. This investment ensured that the SBS was able to continue to provide television, radio and digital media services in line with its charter.</p> <p>We supported the implementation of new local programming obligations established by the government's 2017 Media Reform package, including working with the ACMA on how the measures will be applied to specific geographic regions.</p>

Australian and Children's Screen Content Review

We undertook the Australian and Children's Screen Content Review to develop options to ensure Australian screen content continues to be available to audiences at home and internationally. New technologies and platforms have changed the viewing behaviour of Australian audiences, including children. These platforms provide audiences with access to global content, user-generated content and content on demand, providing more viewing choice than ever before. In this environment, Australian policy settings require a re-examination to ensure they remain fit-for-purpose in the digital era.

The review examined Australian content quotas on commercial broadcasters (including sub-quotas for children's content, Australian drama and documentaries); minimum new drama expenditure requirements for subscription television; tax offsets for film and television producers; direct funding measures; and support mechanisms for the games sector.

The ABC and SBS were active contributors to the review and the House of Representatives Standing Committee on Communications and the Arts [Inquiry into the Australian Film and Television Industry](#). They also provided details on their performance for the production of content that reflects Australia's identity, character and cultural diversity. We provided advice to the Australian Government on this data and on the programming changes that occurred at the national broadcasters during this period.

Australia's culture, including Indigenous voices, languages and stories, is preserved and protected for generations to come, and is showcased and celebrated throughout the world

Results

Table 2.14 Results for measures related to benefit sought 3.2

Measures	2017–18 results
3.2.1 Information from the Indigenous languages and arts programs on Indigenous languages revived or maintained	<p>Met</p> <p>The Indigenous Languages and Arts program provided \$20.3 million for projects across Australia, assisting Aboriginal and Torres Strait Islander peoples to express, preserve and maintain their cultures. We funded 116 projects in 2017–18, including a network of 22 language centres responsible for reviving and maintaining 165 Aboriginal and Torres Strait Islander languages.</p>
3.2.2 Access to cultural experiences and skills development opportunities in regional and remote areas including by, and for, Aboriginal and Torres Strait Islander peoples	<p>Met</p> <p>Through the Indigenous Visual Arts Industry Support program, we provided \$20.7 million funding to more than 80 Indigenous-owned art centres as well as a number of service organisations, hubs and art fairs to provide professional opportunities for around 7,000 Aboriginal and Torres Strait Islander artists and more than 300 Aboriginal and Torres Strait Islander arts workers.</p>
3.2.3 Information on Indigenous repatriation	<p>Met</p> <p>Internationally, we facilitated the return of Australian Indigenous ancestral remains from 1 institution and a private holder, undertook 11 meetings with collecting institutions, and secured 3 formal agreements to repatriate. Domestically, we administered the Museum Grants programs which supported 6 museums to undertake the repatriation of Australian Indigenous ancestral remains and secret/sacred objects, and facilitated a National Repatriation Officers meeting to enhance collaborative partnerships and foster best practice.</p>

Measures	2017–18 results
3.2.4 Information on international cultural activities and exchanges	<p>Met</p> <p>To promote Australian arts and culture as a valuable soft power asset and create economic opportunities for Australian artists and arts organisations internationally, we continued to work with the arts sector, within government (including the Department of Foreign Affairs and Trade), and with international partners. In 2017–18, we invested \$1.4 million to support 22 International Cultural Diplomacy Arts Fund projects that promoted Australian culture by strengthening international partnerships and deepening cross-cultural understanding including with China, India, Indonesia and Singapore.</p>

Analysis

We collaborate with the arts and cultural sectors to protect, preserve and promote Australian arts and culture, including the voices of Aboriginal and Torres Strait Islander peoples.

We have programs to promote the expression and preservation of Aboriginal and Torres Strait Islander languages and arts and we promote access to arts and cultural experiences and skills development opportunities across Australia including in remote and regional areas. We support the repatriation of Aboriginal and Torres Strait Islander ancestral remains and secret/sacred objects to Aboriginal and Torres Strait Islander communities, and we participate in international cultural activities and exchanges that showcase Australian culture to the world, helping to define who we are as a nation.

The work of the department and our portfolio agencies to protect, preserve and promote Australian culture also contributes to Australia's efforts to achieve the United Nations' Sustainable Development Goals. This work contributes directly to Goal 11 — Sustainable Cities and Communities: Make cities and human settlements inclusive, safe, resilient and sustainable.

Arts and cultural programs for Indigenous languages and arts programs

Indigenous Languages and Arts program

Our Indigenous Languages and Arts program supports Aboriginal and Torres Strait Islander communities to revive and maintain languages, and to develop and present art. In 2017–18, we assisted Aboriginal and Torres Strait Islander peoples to express, preserve and maintain their cultures through provision of \$20.3 million for Indigenous languages and arts projects across Australia. We received 165 funding applications in 2017–18 and 116 projects were delivered, including through a network of 22 language centres responsible for reviving and maintaining 165 Aboriginal and Torres Strait Islander languages.

Further to this ongoing support, the program conducted national conversations to guide the delivery of \$10 million (over 4 years) in additional funding for the protection, preservation and celebration of Indigenous languages. As part of this a National Indigenous Languages Convention was held in February 2018. This was the first event of this kind conducted by the program. The convention explored how digital innovation can enhance opportunities for languages and showcased potential partnerships. The convention gathered 150 people from all states and territories and provided live-streaming to some sessions viewed by another

140 individuals. This event was an opportunity for Indigenous language centres, communities working to revive and maintain Aboriginal and Torres Strait Islander languages, archiving and collecting agencies, governments, broadcasters, the technology industry and others to share information and work together to address issues facing Indigenous languages.

Indigenous Visual Arts Industry Support program

The Indigenous Visual Arts Industry Support program underpins Australia's world-renowned Indigenous visual arts movement and provides Aboriginal and Torres Strait Islander peoples with opportunities to pursue a professional career, participate in the mainstream economy, transmit their culture to future generations and access a broad range of support services through their local art centre.

In 2017–18, the program contributed to the operations of more than 80 Indigenous-owned art centres, as well as a number of art fairs, regional hubs and industry service organisations. Of the 92 organisations funded through the Indigenous Visual Arts Industry Support program, 86% are Indigenous owned and governed, and 70% are located in remote or very remote communities. Funded organisations provided professional opportunities for around 7,000 Aboriginal and Torres Strait Islander artists and more than 300 Indigenous arts workers.

Skills development for Aboriginal and Torres Strait Islander peoples

To understand what is required by the 7 national elite performing arts training organisations to better support their Aboriginal and Torres Strait Islander students, we researched and developed policy options to enhance the identification, retention and completion of these students. As a result of this research, we provided funds to selected projects in 2017–18, including \$79,536 to NAISDA Dance College, to facilitate a series of student collaborations across the organisations, and \$200,000 to ArtsReady, to deliver a pilot project designed to increase opportunities for Aboriginal and Torres Strait Islander students, to apply to these organisations.

Indigenous Repatriation Program

Returning Aboriginal and Torres Strait Islander ancestral remains back to Country helps to promote healing, justice and reconciliation for Aboriginal and Torres Strait Islander peoples. Our Indigenous Repatriation Program facilitates the unconditional return of Aboriginal and Torres Strait Islander ancestral remains from overseas collections, and the safe return of ancestral remains and secret/sacred objects from 8 Australian museums to their communities of origin. Where ancestral remains can be identified, the community is closely involved in the repatriation process. When a community cannot be identified for ancestral remains, it is the view of Aboriginal and Torres Strait Islander peoples that the ancestral remains should be returned to Australia to be cared for and brought closer to home.

In 2017–18, we supported 2 overseas repatriation handover ceremonies — in Hannover in Germany and Ottawa in Canada — from an institution and a private holder respectively. This was the first repatriation from Canada facilitated under the Indigenous Repatriation Program. As part of these returns, we undertook 11 meetings with collecting institutions in Germany and Canada to advocate for the Indigenous Repatriation Program. This resulted in 4 new collecting institutions agreeing to enter into repatriation discussions, with a further 7 continuing to progress to negotiations. We also secured the formal agreements to repatriate from 5 collecting institutions — 2 from Germany, 2 from Sweden and 1 from the United Kingdom. A key highlight of the domestic part of the program was the repatriation of 26 secret/sacred objects to Arrernte Elders in Alice Springs from Museums Victoria.

CASE STUDY

REPATRIATION AND TECHNOLOGY, CONNECTING COMMUNITIES

For more than 150 years, Aboriginal and Torres Strait Islander ancestral remains and secret/sacred objects were removed from their communities for various reasons and placed in museums, universities and private collections in Australia and overseas. When these ancestors are returned to their communities of origin, the communities determine the appropriate protocols to undertake ceremony.

In October 2017, the State Museum of Hannover in Germany repatriated an Aboriginal ancestor to the Lama Lama family members, who are the Traditional Owners of lands extending for several hundred kilometres around Princess Charlotte Bay, Cape York Peninsula, in Far North Queensland.

At the request of the Lama Lama family, we live-streamed the handover ceremony to the community in Australia. This was the first time we had live-streamed a ceremony. A recording of the event was also made available so other family members could watch it at a later time. The live-stream enabled family members in Canberra, Cairns and Cape York to watch the repatriation ceremony as it was taking place in Germany.

A Lama Lama family member commented that they had watched the ceremony in Coen, Cape York, along with some children. They were able to use the ceremony to explain to the children what was happening and why, and prepare them for their role when an ancestor is returned to Country. This has demonstrated a way in which communities can use technology to facilitate the transfer of knowledge.

Preserving, protecting and celebrating Australian culture

Register of Cultural Organisations

The Register of Cultural Organisations is a list of cultural organisations that can receive tax deductible gifts. The register aims to strengthen private sector support for the arts and encourages Australians to contribute to the nation's vibrant cultural life.

In December 2017, the Australian Government announced that not-for-profit organisations that promote, revive and maintain Indigenous languages will be eligible for the Register of Cultural Organisations from 1 July 2019. This will enable those organisations to receive tax deductible donations from members of the public, which will enhance their ability to raise revenue. This important change was a result of our policy analysis and negotiation in support of the protection and preservation of Indigenous languages and will form part of broader Australian Government reforms to the administration and oversight of organisations with deductible gift recipient status.

International cultural activities and exchanges

We undertake a range of activities to showcase and celebrate Australia's arts and culture internationally, including Indigenous arts and culture, performing arts, visual arts and literature. This includes working across the Australian Government and with international partners under international cultural agreements to build people-to-people connections and deepen mutual cultural understanding.

Through the International Cultural Diplomacy Arts Fund, we also administer strategic investment in activities that address the Australian Government's international arts and cultural engagement and cultural diplomacy priorities, as well as initiatives that assist the Australian Government in meeting Australia's international arts and cultural commitments under multilateral and bilateral agreements with other countries, including 2 arts and cultural United Nations Educational, Scientific and Cultural Organization (UNESCO) conventions to which Australia is a signatory.

We also work to enhance international cultural relationships through direct participation in relevant forums, such as the Indonesia-Australia Digital Forum in Jakarta in January 2018 and the Australia-Singapore Cultural Leaders Forum in Adelaide in September 2017.

CASE STUDY

THE AUSTRALIA-SINGAPORE ARTS GROUP

The Australian Government and Singaporean Government established the Australia-Singapore Arts Group in May 2016 to build on the governments' shared commitment under the Memorandum of Understanding on Cooperation in the Field of Arts and Culture between Australia and Singapore. The group includes representatives from Australia and Singapore with strong arts sector experience, government and business skills, and is meeting regularly from 2016 to 2021 to provide strategic and expert advice to support and strengthen arts and cultural engagement between Australia and Singapore.

In September 2017, the Cultural Leaders Forum, an initiative of the group, was held in Adelaide. This was an important opportunity for key arts and cultural administrators and artistic directors from both countries to make new connections and deepen existing relationships.

In 2017–18, the Australian Government provided \$100,000 through the International Cultural Diplomacy Arts Fund to 4 Australia-Singapore arts activities, based on the group's recommendations to the Minister. These included the UNESCO In My Neighbourhood project, which was initiated at the Cultural Leaders Forum in Adelaide. The Australian Government has now provided over \$900,000 towards Australia-Singapore arts activities since 2015–16.

Measures mapped between the Corporate Plan and Portfolio Budget Statements

The performance criteria and targets published in the 2017–18 Portfolio Budget Statements (PBS) tabled in May 2017 were rearticulated in the measures published in the 2017–18 Corporate Plan, in August 2017. The relationship between these is shown in Table 2.15. Also, the source for each criteria and measure is included, as well as the location for reporting information in these statements.

Table 2.15 Measures mapped between the 2017–18 Corporate Plan and 2017–18 Portfolio Budget Statements, source and statement location

2017–18 Corporate Plan measures	2017–18 PBS criteria and targets	Source	Location in performance statements
<i>Intended result 1.1</i> All Australians have access to effective communications services and can rely on them in their everyday activities			
1.1.1.1 Delivery of Mobile Black Spot Program	Measure: Mobile coverage — the department is delivering the government's Mobile Black Spot Program to expand reliable mobile phone coverage and competition in outer metropolitan, regional and remote communities Target: Effectively deliver the Mobile Black Spot Program	Corporate Plan: p. 11 PBS: p. 26	p. 23
1.1.1.2 Universal Service Obligation reform in response to Productivity Commission report	No related PBS criteria	Corporate Plan: p. 11	p. 23

2017–18 Corporate Plan measures	2017–18 PBS criteria and targets	Source	Location in performance statements
1.1.3 Minister's shareholder oversight of NBN Co's delivery of the NBN	Measure: <i>Broadband network</i> — the department provides strategic advice and policy leadership to achieve the government's plan for a fast and affordable NBN Target: Oversee NBN rollout progress towards a goal of completion by 2020	Corporate Plan: p. 11 PBS: p. 25	p. 23
1.1.4 Consumer experiences using public data and research	<i>No related PBS criteria</i>	Corporate Plan: p. 11	p. 24
1.1.5 Stakeholder engagement to support improving consumer experience, including migration to the NBN	Measure: <i>Broadband network</i> — in collaboration across government and industry, the department will help ensure that communications infrastructure is secure and resilient, and supports innovation across the economy Target: Communications infrastructure is secure and resilient, and supports innovation	Corporate Plan: p. 11 PBS: p. 25	p. 24
<i>Intended result 1.2</i> Australians are informed and protected in pursuing their interests, not taken advantage of; and can benefit from the opportunities that the online environment offers			
1.2.1 Progress of review of framework for consumer safeguards	<i>No related PBS criteria</i>	Corporate Plan: p. 11	p. 32
1.2.2 Engagement across government and industry to support effective consumer protections and safeguards	Measure: <i>Content classification</i> — the department provides advice to the Australian Government to ensure content-related consumer safeguards remain effective and support the delivery of the National Classification Scheme Target: Provide high-quality policy advice	Corporate Plan: p. 11 PBS: p. 26	p. 32
1.2.3 Information published on consumer protections		Corporate Plan: p. 11 PBS: p. 26	p. 32

2017–18 Corporate Plan measures	2017–18 PBS criteria and targets	Source	Location in performance statements
<i>Intended result 1.3</i>			
Australians have the opportunity to enjoy and participate in diverse cultural experiences			
1.3.1 Information on consumer engagement with National Cultural Institutions and artistic and cultural activities	Measure: <i>National Collecting Institutions</i> — The department works with Australia's National Collecting Institutions to ensure they are accessible, support research communities and leverage digital technologies in delivering services Target: National Collecting Institutions are accessible, support research communities and leverage digital technologies in delivering services	Corporate Plan: p. 11 PBS: p. 31	p. 36
1.3.2 Information on access to the objects in the national collections (on display, on tour and online)	<i>No related PBS criteria</i>	Corporate Plan: p. 11	p. 36
<i>Intended result 2.1</i>			
Communications sector participants remain financially viable and sustainable and internationally competitive and are able to invest and innovate and meet the needs of Australian consumers			
2.1.1 Progress of reforms, including media, spectrum and copyright	Measure: <i>Spectrum availability</i> — the department delivers on the government's objective of reforming spectrum policy arrangements to reduce regulatory burden and improve access to new technologies Target: Implement spectrum policy reform arrangements	Corporate Plan: p. 12 PBS: p. 26	p. 41
	Measure: <i>Regulatory reform</i> — the department will implement the outcomes of the ACMA Review in line with government requirements Target: Implement ACMA Review outcomes	Corporate Plan: p. 12 PBS: p. 26	p. 41
	Measure: <i>Australia Post</i> — the department continues to support the government and shareholder ministers in achieving Australia Post reforms Target: Support the government and shareholder ministers in achieving Australia Post reforms	Corporate Plan: p. 12 PBS: p. 26	p. 41

2017–18 Corporate Plan measures	2017–18 PBS criteria and targets	Source	Location in performance statements
	<p>Measure: <i>Regulatory reform</i> — the department ensures that the Australian television content and classification regulatory and policy frameworks remain fit-for-purpose and support the creation and distribution of Australian content</p> <p>Target: Australian television content and classification regulatory and policy frameworks are effective and remain fit-for-purpose</p>	Corporate Plan: p. 12 PBS: p. 27	p. 41
	<p>Measure: <i>Media reform</i> — implementing the government's objective to create a more competitive broadcast industry. The department will progress reforms in conjunction with broader spectrum reforms</p> <p>Target: Implement the government's media reforms. Contribute to the broad objective that all Australians have access to a range of free-to-air and subscription television and radio services</p>	Corporate Plan: p. 12 PBS: p. 26	p. 41
	<p>Measure: <i>Regulatory reform</i> — the department assesses regulatory frameworks and advises government on regulatory reform and deregulation options</p> <p>Target: Policy and regulatory frameworks are effective and reduce regulatory burden Copyright law and regulation provides an effective framework</p>	Corporate Plan: p. 12 PBS: p. 26	p. 41
<p><i>Intended result 2.2</i></p> <p>Portfolio agencies are delivering the government's agenda effectively and working to the benefit of the sectors and the nation</p>			
2.2.1 Oversight of portfolio agencies' annual corporate plan compliance, financials and achievements	<p>Measure: <i>Portfolio agencies and arts training organisations</i> — the department supports its portfolio agencies and arts training organisations in the efficient delivery of services to all Australians</p> <p>Target: The portfolio of 7 national elite performing arts training organisations provide access to training for performing artists and arts workers and cultural leadership in numerous forms</p>	Corporate Plan: p. 12 PBS: p. 30	p. 52

2017–18 Corporate Plan measures	2017–18 PBS criteria and targets	Source	Location in performance statements
	Measure: <i>Australia Post</i> — the department continues to support the government and shareholder ministers in achieving Australia Post reforms Target: Support the government and shareholder ministers in achieving Australia Post reforms	Corporate Plan: p. 12 PBS: p. 30	p. 52
2.2.2 Information on Commonwealth, state and territory, and philanthropic funding to the arts	<i>No related PBS criteria</i>	Corporate Plan: p. 12	p. 52
2.2.3 Elite training institutions' development of the next generation of arts performers and participants	Measure: <i>Training institutions and creativity</i> — the department ensures that training institutions support the development of vibrant creative industries Target: Training institutions support the development of vibrant creative industries	Corporate Plan: p. 12 PBS: p. 31	p. 52
	Measure: <i>Portfolio agencies and arts training organisations</i> — the department supports its portfolio agencies and arts training organisations in the efficient delivery of services to all Australians Target: The portfolio of 7 national elite performing arts training organisations provide access to training for performing artists and arts workers and cultural leadership in numerous forms	Corporate Plan: p. 12 PBS: p. 26	p. 52
<i>Intended result 2.3</i> Australia's art sector is sustainable, innovative and strong and enabling growth in creative activities across Australia			
2.3.1 Analysis of contribution of the arts and cultural education to employment outcomes	Measure: <i>Strategic policy</i> — the department provides policy leadership to enhance the sustainability of Australia's arts sector and artists, and to enhance access to the arts Target: Provide high-quality policy advice	Corporate Plan: p. 12 PBS: p. 30	p. 61
	Measure: <i>Research and analysis</i> — the department conducts research to communicate strategic policy advice. The department explores how arts and cultural sectors can help enhance innovation and creativity Target: Undertake research through the Bureau of Communications and Arts Research	Corporate Plan: p. 12 PBS: p. 26	p. 61

2017–18 Corporate Plan measures	2017–18 PBS criteria and targets	Source	Location in performance statements
2.3.2 Analysis of contribution of arts and culture to the economy	Measure: <i>Strategic policy</i> — the department provides policy leadership to enhance the sustainability of Australia's arts sector and artists, and to enhance access to the arts	Corporate Plan: p. 12 PBS: p. 30	p. 61
	Target: Provide high-quality policy advice		
	Measure: <i>Research and analysis</i> — the department conducts research to communicate strategic policy advice. The department explores how arts and cultural sectors can help enhance innovation and creativity	Corporate Plan: p. 12 PBS: p. 26	p. 61
	Target: Undertake research through the Bureau of Communications and Arts Research		
<i>Intended result 3.1</i> Australians are able to access uniquely Australian content; content creators are informed and capable, and have the skills and expertise necessary to develop Australian content			
3.1.1 Information provided through the Australia Council, Screen Australia, the Australian Broadcasting Corporation, the Special Broadcasting Service Corporation and the departmental grants programs	Measure: <i>Creative industries</i> — the department administers policies and programs that develop creative industries to enhance the sustainability and accessibility of Australian arts and culture	Corporate Plan: p. 13 PBS: p. 31	p. 63
	Target: Australia's creative industries continue to produce original, compelling and accessible Australian content		
3.1.2 Progress of the Australian and Children's Screen Content Review	Measure: <i>Regulatory reform</i> — the department ensures that the Australian television content and classification regulatory and policy frameworks remain fit-for-purpose and support the creation and distribution of Australian content	Corporate Plan: p. 13 PBS: p. 27	p. 63
	Target: Australian television content and classification regulatory and policy frameworks are effective and remain fit-for-purpose		

2017–18 Corporate Plan measures	2017–18 PBS criteria and targets	Source	Location in performance statements
<i>Intended result 3.2</i> Australia's culture, including Indigenous voices, languages and stories, is preserved and protected for generations to come, and is showcased and celebrated throughout the world			
3.2.1 Information from the Indigenous languages and arts programs on Indigenous languages revived or maintained	Measure: <i>Indigenous arts, languages and repatriation</i> — the department administers funding that supports Indigenous languages, visual arts and repatriation Target: Development of, and access to, high-quality cultural experiences and skills development opportunities in regional and remote areas by, and for, Aboriginal and Torres Strait Islander peoples is maintained or increased	Corporate Plan: p. 13 PBS: p. 30	p. 67
3.2.2 Access to cultural experiences and skills development opportunities in regional and remote areas including by, and for, Aboriginal and Torres Strait Islander peoples	No related PBS criteria	Corporate Plan: p. 13	p. 67
3.2.3 Information on Indigenous repatriation	Measure: <i>Indigenous arts, languages and repatriation</i> — the department administers funding that supports Indigenous languages, visual arts and repatriation Target: Development of, and access to, high-quality cultural experiences and skills development opportunities in regional and remote areas by, and for, Aboriginal and Torres Strait Islander peoples is maintained or increased	Corporate Plan: p. 13 PBS: p. 30	p. 67
3.2.4 Information on international cultural activities and exchanges	Measure: <i>International engagement</i> — the department undertakes international engagement to build understanding and create opportunities for Australian arts and culture abroad. The department works towards engaging new markets and audiences Target: The best of Australia's arts and culture is showcased on the world stage	Corporate Plan: p. 13 PBS: p. 31	p. 68



MANAGEMENT AND ACCOUNTABILITY

This part of the report provides information about corporate governance and performance, our people, and financial management.

Corporate governance and performance	82
External scrutiny	88
Management of human resources	89
Report on financial performance	99

Corporate governance and performance

In recognition of the emphasis we place on good governance, we strengthened our arrangements by establishing a new Governance Branch in December 2017. This branch is responsible for designing and managing robust frameworks to maintain high standards of organisational performance, compliance and accountability.

In particular, the branch established an internal business planning process to: support environmental scanning; provide an opportunity to consider how we position ourselves to deliver our work program and achieve government outcomes; articulate our priorities; and integrate risk management into our strategic and operational work programs. Our new process to regularly monitor the implementation of business plans improves oversight and places a focus on identifying emerging risks so they can be dealt with as they arise.

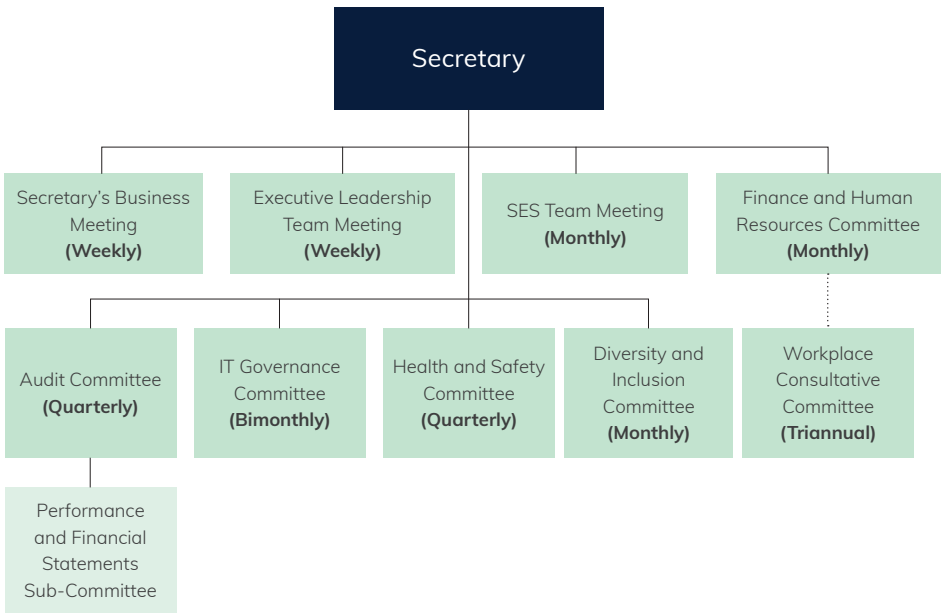
The branch is also centralising the management of internal controls, and has brought together functions relating to audit, fraud, risk, conflict of interest, delegations and accountable authority instructions, and will also manage our probity framework. Other responsibilities include both internal and external planning and reporting, coordination, complaints management, privacy and freedom of information. A centralised function was established in the Governance Branch to provide end-to-end management and dissemination of classified materials.

The Ministerial and Parliamentary Section has also been moved into the Governance Branch.

Management committees

Our management committees implement the principles and objectives of good governance. We reviewed our committee structure in 2017–18 and, as a result, established the structure shown in Figure 3.1. For information about the committee structure in place at the beginning of the reporting period, see our 2016–17 Annual Report.

Figure 3.1: Governance Committee Framework at 30 June 2018



Secretary's Business Meeting

The Secretary's Business Meeting is our main executive body and formally considers ministerial support matters, corporate policy matters, high-level policy, departmental resourcing (including non-IT capital investment proposals) and operational matters. The Secretary's Business Meeting consists of the Secretary, Deputy Secretaries and the Chief Operating Officer.

Executive Leadership Team Meeting

The Executive Leadership Team Meeting is our main executive communication forum. The meeting:

- ▶ provides the Executive Leadership Team with an opportunity to discuss key issues concerning our performance, areas for improvement and upcoming priorities
- ▶ receives briefings from First Assistant Secretaries on key issues for each division
- ▶ considers monthly financial and human resource reports and weekly ministerial and governance-related reports

The Executive Leadership Team Meeting comprises the Secretary, Deputy Secretaries and First Assistant Secretaries.

Senior Executive Service Team Meeting

The Senior Executive Service (SES) Team Meeting, comprising the Secretary and all departmental SES staff, provides an opportunity to:

- › promote closer links and engagement as an SES group
- › provide learning and development training for the SES
- › encourage participation by SES employees in organisational management discussions
- › provide feedback from SES employees to the Executive on key management issues
- › update the SES group on important government, Australian Public Service (APS) and departmental policy and operational matters

Finance and Human Resources Committee

The Finance and Human Resources Committee:

- › oversees our Budget process
- › considers our monthly financial reports
- › recommends Budget priorities to the Secretary
- › oversees the development of our annual report
- › considers our monthly human resources and workforce reports
- › provides a forum for financial and human resource management issues to be raised and discussed

The membership comprises the Secretary, Deputy Secretaries, the Chief Operating Officer, the Chief Financial Officer, and the Assistant Secretary, Human Resources Branch.

Information Technology Governance Committee

The Information Technology Governance Committee:

- › develops a common vision for our information technology (IT) requirements and information governance
- › oversees our data requirements and determines data collection priorities
- › ensures that our information is managed for its entire life in accordance with risk, including risks associated with security, access, privacy, continuity and cost
- › recommends IT governance funding priorities to the Secretary
- › recommends appropriate information security policies to the Secretary
- › oversees internal information reviews to identify information assets and their value, manages risk and compliance, and improves business processes
- › provides a forum for IT and information governance to be raised and discussed
- › makes decisions informed by the portfolio risk assessment

The Committee comprises a Deputy Secretary, the Chief Information Officer, the Chief Operating Officer, the Chief Financial Officer and 2 Executive Leadership Team representatives.

Workplace Consultative Committee

The Workplace Consultative Committee is the principal forum through which formal consultation and discussions on workplace relations matters take place between management and employees.

Health and Safety Committee

The Health and Safety Committee is a key forum that supports our safety culture. It is an integral component of our Workplace Health and Safety (WHS) Framework and has responsibility for achieving positive outcomes in the management of WHS issues.

Diversity and Inclusion Committee

The Diversity and Inclusion Committee supports the work of the whole-of-government Secretaries' Equality and Diversity Committee which is committed to improving diversity across the APS. Our committee assists to achieve this commitment by removing barriers to enable staff to realise their full potential. The committee comprises our SES Champions (Disability, Gender equality, Indigenous, Cultural and linguistic diversity, LGBTQIA+) and 4 staff representatives.

Audit Committee

The Audit Committee provides independent advice and assurance to the Secretary on the appropriateness of financial and performance reporting, the system of risk oversight and management, and internal controls.

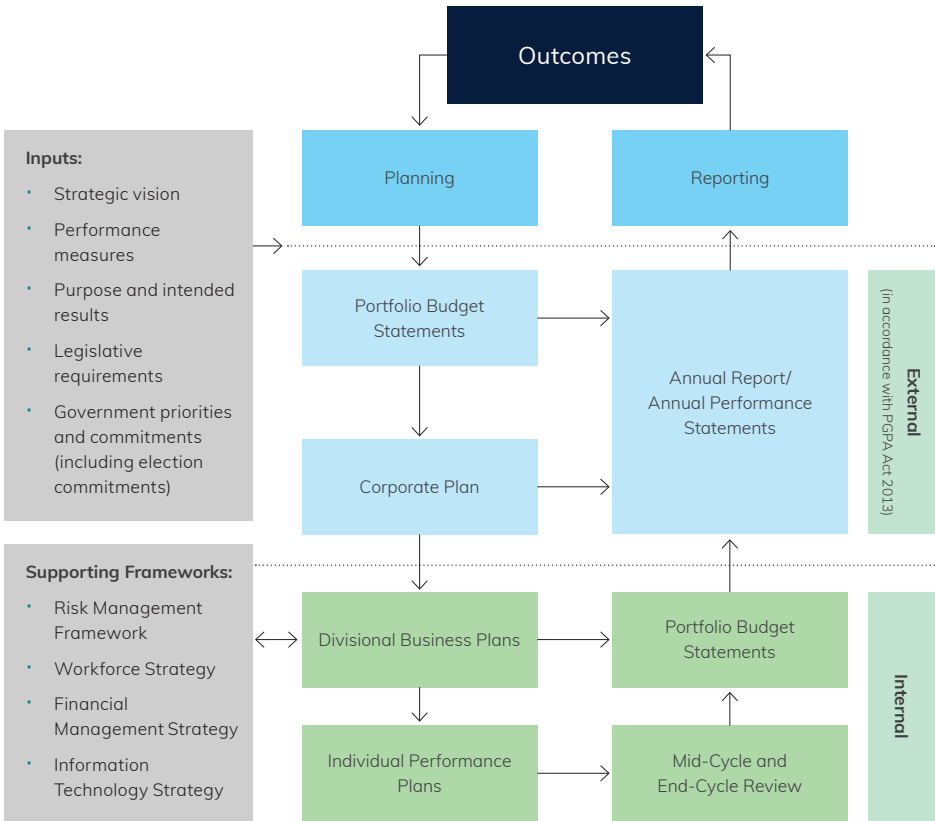
The Audit Committee comprises external and internal members and has an independent chair.

We also have a subcommittee of the Audit Committee — the Performance and Financial Statements Sub-Committee — to assist with the review of our financial and performance statements and other related matters as requested by the Audit Committee.

Planning and reporting framework

Our internal and external planning and reporting framework, shown in Figure 3.2, sets out our approach to managing organisational performance. Planning takes place at the beginning of each financial year. Regular reporting and evaluation milestones are built into the framework, to allow us to monitor our progress.

Figure 3.2 Planning and reporting framework



Business continuity planning

Our Business Continuity Plan outlines policies, procedures and responsibilities to support the continuity of our key activities in the event of a business interruption. A business impact analysis was completed in November 2017 which provided valuable insight, providing us the opportunity to streamline several processes and procedures within the plan. We are currently conducting a full review and redevelopment of our Business Continuity Plan, in line with best practice.

Internal audit and risk management

During 2017–18, internal audit services were provided by Ernst & Young, Axiom and RSM Australia. The delivery of these audit services was overseen by our internal audit team and the Audit Committee.

At 30 June 2018, 3 internal audits were completed, and 3 internal audits were underway.

Recommendations were tracked and reported to the Audit Committee and the Secretary.

During 2017–18, we assigned Chief Risk Officer duties to the Chief Operating Officer. Our Risk Management Framework includes our Risk Management Policy, Risk Management Instruction and Fraud Control Plan.

The enhanced Risk Management Framework facilitates a culture that promotes an open and proactive approach to managing risk. It encourages risk assessment, informed risk taking, and the anticipation and treatment of risk in delivering our objectives. Our risk oversight includes regular monitoring and reporting on risk through the Business Planning and Review process and the Audit Committee.

Promoting ethical standards

Our Handling Misconduct policy and procedures support compliance with the APS Code of Conduct, APS Employment Principles and APS Values. We recognise that adherence to the APS Code of Conduct contributes to a positive working environment, particularly through treating everyone with respect and courtesy and without harassment.

Information and communications technology

A major focus during 2017–18 was delivering essential information and communications technology infrastructure and support as part of our move to the Nishi building, ensuring employees were operational on day 1. This included introducing new WiFi, audio visual, video conferencing and soft phone technology, allowing staff to work collaboratively across geographical locations.

We delivered significant automation improvements to the staff on-boarding process, providing efficiencies. We initiated a number of projects, including an upgrade to Artbank's IT systems and strengthening our IT security posture, both due for delivery in 2018–19.

We undertook a significant number of activities to implement Digital Continuity 2020 recommendations, including removing 10,000 physical files to offsite storage, digitising 2,825 personnel files and 2,503 departmental files, and destroying 966 records under General Records Authority 31.

External scrutiny

In 2017–18, the ANAO published 3 performance audit reports which involved our participation in 2016–17:

- › [Australia Post's Efficiency of Delivering Reserved Letter Services](#), published 28 September 2017
- › [Management of the Contract for Telephone Universal Service Obligations](#), published 29 September 2017
- › [Administration of the National Broadband Network Satellite Support Scheme](#), published 28 November 2017

Freedom of information (FOI)

Entities subject to the Freedom of Information Act 1982 (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

Visit our website to view our [Information Publication Scheme Plan](#) and [FOI disclosure log](#).

Management of human resources

Managing and developing employees

Workforce planning

Our People Plan sets out our people strategies to ensure we have the organisational culture, capability and capacity to deliver quality outcomes for the Australian Government.

The key areas of focus in our People Plan include deepening our culture and engagement, a greater focus on strategic workforce planning, continuing to strengthen our capability and optimising our talent. We will create an environment that enables an agile and high-performing workforce and ensures equality, diversity and inclusion.

In 2017–18, we commenced developing a departmental Workforce Plan, which aims to ensure that capability and skill sets are aligned to meet the outputs required of our strategic objectives.

Work commenced on designing a skills database that will provide for the capture and assessment of employee capabilities. This will give us a detailed understanding of our current employee capabilities, and enable more evidence-based approaches to staff development, establishment of project and surge teams, and succession planning.

We continue to improve our employee value proposition so that we are well positioned in the labour market as an employer of choice in the APS. We offer staff the opportunity to contribute to public policy and programs in an ever-evolving sector with a wide range of engaging content — our work touches almost every individual, household and business in Australia.

Our entry-level programs, which contribute to our supply of innovative, collaborative and skilled employees who will develop into future leaders, continue to grow. In 2017, we welcomed 11 graduate employees. In 2018, this increased to 15.

Staff retention and turnover

Our staff separation rate during 2017–18 was 18.23%. Of the 99 ongoing staff that separated, 29% (29) resigned from the APS, and 55% (54) went to another APS agency.

Table 3.1 2017–18 staff commencements and terminations

2017–18	Commencements			Terminations		
	Ongoing (including temporary transfer)	Non- ongoing — specified term	Non- -ongoing — casual	Ongoing (including temporary transfer)	Non- ongoing — specified term	Non- ongoing — casual
Female	81	33	7	66	32	2
Male	39	11	3	39	6	1
Total	120	44	10	105	38	3
			174			146

Training and development

In 2017–18, our approach to developing capability focused on core workplace skills, leadership and management, cultural awareness and governance. We continued to integrate and embed neuroscience theories and strategies, to enhance understanding and improve approaches to communication, addressing unconscious bias, motivation and performance, peer coaching and team leadership.

The Warumilang Cultural Awareness Program was introduced this year. The program is provided by ArtsReady through the Australian Football League SportsReady initiative. Warumilang is designed to support organisations to build a greater understanding of Aboriginal and Torres Strait Islander cultures and provides practical assistance to build culturally inclusive workplaces. The program was attended by 61 staff and will continue to be delivered in 2018–19. Feedback from participants has been overwhelmingly positive with significant shifts in pre and post program measures. This year, 3 staff participated in the Certificate IV in Indigenous Leadership Program delivered by the Australian Indigenous Leadership Centre. Staff are also participating in 2 online learning programs: Core Cultural Learning, developed by the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS), and the SBS Cultural Competence Program. These initiatives complement and support our broader diversity and inclusion agenda, and more specifically the Reconciliation Action Plan.

This year we renewed our focus on enhancing governance and operational management skills to support changes in business practices and new business planning activities. Programs delivered to staff included: contract management, legal fundamentals, risk management, Certificate IV in Project Management, information management system training, and legislation process training. Capability development also continued in essential workplace skills, including: writing for Parliament, Ministers and Executive, about Parliament, about Budget, introduction to economics, stakeholder engagement, time management and delegation.

We continued to build capability in the area of performance conversations. The CONNECT: Continuing Performance Conversations Program helped managers to build the capability and confidence to drive improvement, lift engagement and increase staff performance. The Effective Interactions Program helped staff to enhance their conversational intelligence and skills. This year, the CONNECT: Continuing Performance Conversations Program and the Effective Interactions Program were delivered to 3 cohorts

of staff with a total of 38 participants, who learnt strategies to apply to everyday interactions, managing upwards and enhancing trust and rapport. Program evaluation shows that the majority of respondents said the program enhanced their knowledge and understanding, and that they were able to apply their learning at work.

Our tailored Leadership and Management Program continued with EL1 and EL2 managers participating in 5 workshops. Pre- and post-program data show positive shifts in a range of measures, including collaboration, resilience and confidence, decision-making, understanding the strategic context of the department and proactively engaging with teams. There are broader cultural and engagement benefits from this program, including increased manager confidence, greater awareness of work across the department, and opportunities to collaborate and connect.

In addition to a broad range of events, programs and workshops, our Learnhub system continues to provide flexible access to online learning. This includes eLearning modules and Lynda.com videos (Lynda.com is an online learning platform). Lynda.com videos, in particular, are well used — 197 employees viewed 4,630 Lynda.com videos this year.

Staff also had access to a range of external development activities and programs, including Australian Public Service Commission events and development programs, and events, seminars and presentations by the Institute of Public Administration Australia, the Department of Foreign Affairs and Trade and the Diplomatic Academy.

We also provided assistance to 38 employees who were undertaking external study activities. For approved staff, assistance included study leave and financial support to undertake formal qualifications.

Productivity gains

Our major capability development programs are evaluated using pre-and post-program data which measure shifts in participant learning and applicability of learning to work. These include our Leadership and Management Program (for EL1 and EL2 staff), CONNECT: Continuing Performance Conversations Program (for managers), Effective Interactions (for staff), and our Policy Essentials Program (for APS-level policy staff). The Cultural Awareness Training Program (open to all levels) has also been evaluated using pre- and post-program measures.

All iterations of our Leadership and Management Program have shown notable improvements in post-program measures across key managerial responsibilities: team management, collaboration, managing risk, influencing positive change, managing resources, decision-making and understanding strategic context and priorities. Both the CONNECT and Effective Interactions programs showed positive shifts in skills and confidence to engage in productive performance conversations. Policy Essentials evaluation showed relevance and applicability of the coursework to participants' daily work — in particular, understanding the policy development process, and using evidence and data for robust policy development and implementation.

The Warumilang Cultural Awareness Program evaluation data also shows positive changes in awareness of Aboriginal and Torres Strait Islander history and culture, and broader cultural awareness in the workplace.

Statistics on SES and APS employees

Table 3.2 Staff by classification groups and location at 30 June 2018

State	APS1	APS2	APS3	APS4	APS5	APS6	EL1	EL2	SESB1	SESB2	SESB3	Secretary
ACT	2	2	23	53	47	132	145	64	18	7	1	1
NSW	0	3	3	8	5	14	10	3	1	0	0	0
NT	0	0	0	0	2	1	1	0	0	0	0	0
Qld	0	0	0	0	1	0	1	0	0	0	0	0
SA	0	0	0	0	0	1	0	0	0	0	0	0
Vic	0	0	0	1	3	3	5	3	1	0	0	0
WA	0	0	0	0	0	1	0	0	0	0	0	0
Total	2	5	26	62	58	152	162	70	20	7	1	1

Note: These figures are based on substantive classifications. Local designations such as Legal and Public Affairs have been subsumed into the equivalent Australian Public Service (APS) or Executive Level (EL) classifications. The departmental Secretary is included. Figures exclude inoperative staff (inoperative staff are those staff recorded as being on leave without pay at 30 June 2018 for a total period greater than 13 weeks).

Table 3.3 Full-time/part-time/casual, ongoing/non-ongoing, by gender at 30 June 2018

Ongoing Full-time Male	Ongoing Full-time Female	Ongoing Part-time Male	Ongoing Part-time Female	Non-ongoing Full-time Male	Non-ongoing Full-time Female	Non-ongoing Part-time Male	Non-ongoing Part-time Female	Non-ongoing Casual Male	Non-ongoing Casual Female	Total
178	271	12	60	12	21	1	6	2	3	566

Note: These figures include staff employed at 30 June 2018 and exclude all inoperative staff. These figures include the Secretary.

Table 3.4 Staff in equal employment opportunity groups at 30 June 2018

Staff	Number	Percentage
Female	361	63.78%
Male	205	36.22%
Ongoing and non-ongoing staff based on their substantive classification as at 29 June 2018	566	100%
Staff who reported they identify as an Aboriginal or Torres Strait Islander person	21	3.71%
Staff who reported they are from a culturally and linguistically diverse background	72	12.72%
Staff who reported they have a disability	19	3.36%
Total number of staff who chose to provide equal employment opportunity information, and this may include 'no' responses to some questions	450*	79.50%

* This figure excludes staff who provided no response to questions about identifying as an Aboriginal or Torres Strait Islander person, being from a culturally and linguistically diverse/non-English speaking background or having a disability.

Disability reporting

Since 1994, Australian Government departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au. From 2010–11, entities have no longer been required to report on any of these functions.

The Commonwealth Disability Strategy was superseded by the [National Disability Strategy 2010–2020](#), which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, 2-yearly report will track progress against each of the 6 outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014, and can be found at www.dss.gov.au.

Terms and conditions of employment

Enterprise Agreement

Our Enterprise Agreement, which came into effect on 7 August 2015 and nominally expires on 7 August 2018, covers all non-SES staff employed under the Public Service Act 1999. In accordance with the Secretary's determination of 1 April 2016, eligible staff received a 2% pay increase with effect from 7 August 2017. At 30 June 2018, the Enterprise Agreement covered 572 staff.

Table 3.5 Salary range of employees 2017–18

Classification	Enterprise Agreement Salary range (\$) Lowest	Enterprise Agreement Salary range (\$) Highest	Individual arrangements* Salary range (\$) Lowest	Individual arrangements* Salary range (\$) Highest
APS1	\$45,869.00	\$50,371.00		
APS2	\$51,606.00	\$57,200.00		
APS3	\$58,690.00	\$63,408.00		
APS4	\$65,784.00	\$71,096.00		
APS5	\$73,340.00	\$79,917.00	\$85,237.88	\$85,237.88
APS6	\$80,871.00	\$97,878.00	\$93,489.30	\$118,868.00
EL1	\$104,685.00	\$129,896.00	\$111,608.26	\$123,000.00
EL2	\$121,445.00	\$152,032.00	\$129,476.67	\$157,032.00
SES			\$171,666.00	\$334,928.00

* Includes individual flexibility arrangements and section 24(1) determinations and supplementary arrangements.

Note: Part-time salaries have been annualised to full-time for comparison. Classifications with local designations such as Legal and Public Affairs have been subsumed into the equivalent APS or EL levels. These figures exclude inoperative staff.

Individual flexibility arrangements

Our commitment to working flexibly is clearly articulated in our People Plan, and our Diversity and Inclusion Strategy.

Workplace flexibility encompasses how we work in the office and allows staff to match their workspaces with their work type, through use of quiet spaces, collaboration places and technology. It also includes structures to manage surge capacity, and flexible job design and work practices.

We have a number of flexible work arrangements in place that allow for staff to work in locations other than the office (for example, working from home) to manage work–life balance. We also have a number of staff who work part-time.

Our technology, which includes laptops for all employees, soft phones and Skype for Business, underpins and enables flexible working arrangements.

Australian workplace agreements, common law contracts

We have no workplace agreements or common law contracts in place.

Senior Executive Service (SES) statistics and remuneration

The terms and conditions of employment for SES staff are contained in individual determinations made under subsection 24(1) of the Public Service Act 1999. These instruments set the remuneration and employment conditions for SES staff and provide for non-salary inclusions relating to leave arrangements and entitlements, superannuation, salary sacrifice, travel and payment of an allowance in lieu of a motor vehicle.

To ensure a consistent level of transparency of SES remuneration, the department has published the salary ranges, and number of employees within those ranges, on our website. This will continue to be updated each financial year. This information can be found at www.communications.gov.au/who-we-are/careers/enterprise-agreement.

Table 3.6 Senior Executive Service (SES) staff at 30 June 2018

SES staff	Female	Male	SES total
SESB1	12	8	20
SESB2	5	2	7
SESB3	0	1	1
Total	17	11	28

Note: These figures reflect substantive occupancy and exclude inoperative staff.

Non-salary benefits provided to employees

Employees may access a range of salary sacrifice benefits including:

- › membership fees and subscriptions to professional associations
- › home office expenses
- › financial counselling fees
- › disability/income protection insurance premiums
- › self-education expenses (work related)
- › superannuation
- › motor vehicle (for private use) by way of Novated Lease
- › portable electronic devices

In addition, we provided our employees with a range of non-salary benefits, including activities targeting health and wellbeing, support for professional and personal development, access to flexible working arrangements and a range of unpaid leave entitlements.

Staff engagement

We continue to be focused on building an organisational culture in which our values and behaviours make the department a great place to work. Targeted activities aimed at building staff engagement and embedding culture are delivered through the staff-led networks including the:

- › Indigenous Staff Network
- › Disability and Allies Network
- › Gender Equality Network
- › Cultural and Linguistic Diversity Network
- › Pride and Allies Network
- › Social Club

These networks meet regularly to ensure individual network/group events are aligned with our broader cultural objectives.

In addition to staff-led networks, we have established networks of which staff are nominated by their colleagues or self-elect to be members, providing opportunities to contribute towards the operation and cultural development of the department. These networks include the:

- › Workplace Consultative Committee
- › Health and Safety Committee
- › Diversity and Inclusion Committee

Workplace diversity

In 2017–18, we continued implementing the actions set out in our Diversity and Inclusion Strategy 2016–19. Our aim is to improve access, diversity and inclusion to ensure that each employee can achieve their full potential, and that we have a rich workforce that reflects the community we live in and serve. Inclusive leadership, a respectful culture, and flexible work and digital technologies will help us to attract, recruit, develop and retain a diverse workforce.

Through 2017–18, we progressed implementation of each of the following action plans that underpin our Diversity and Inclusion Strategy:

- › [Gender Action Plan 2017–2019](#)
- › Disability Action Plan
- › Reconciliation Action Plan
- › Carers Action Plan
- › Culturally and Linguistically Diverse Action Plan
- › Lesbian, Gay, Bisexual, Trans, Queer, Intersex, Asexual and other (LGBTQIA+) Action Plan

We continued our involvement with the Australian Network on Disability, again being proud to be gold members of the network. We engaged with the network to conduct Disability Access Reviews of all our departmental premises in Canberra, Melbourne and Sydney, to ensure our buildings are physically accessible for staff and guests. We celebrated International Day of People with Disability in December 2017, which included our staff with a disability starring in a video titled 'You CAN ask that'.

We advertised our 2019 Graduate Program recruitment campaign under the affirmative measure for recruiting people with disability, with a focus placed on attracting applicants through a specific marketing campaign.

We have continued to focus on Indigenous employment, by concluding the development of our Employment Strategy, which contains a focus on increasing employment participation of Aboriginal and Torres Strait Islander peoples. We developed a Reconciliation Action Plan in 2017–18 for delivery later in 2018, which will contribute towards our strategic priorities to foster an environment in which all Australians benefit from access to diverse communications services and artistic and cultural experiences. This will be achieved by embracing a whole-of-department approach to building stronger internal and external relationships with Aboriginal and Torres Strait Islander peoples, organisations and communities; and by promoting and adopting a best practice approach to leadership, education, and employment opportunities for all staff.

Our contribution to increasing the representation of Aboriginal and Torres Strait Islander employees to meet our target of 4.5% is progressing. At 30 June 2018, we had 24 employees who identify as an Aboriginal or Torres Strait Islander person (3.91% of our workforce).

We established the Pride and Allies Network in 2017 to promote inclusion of people who are lesbian, gay, bisexual, trans, queer, intersex, asexual (LGBTQIA) and people who identify with other sexualities, sex identities and genders (+). Within less than 12 months of establishment, the network has hosted internal events, participated in external all-APS events, and provided training through our LGBTQIA+ employer network, Pride in Diversity.

Our [Gender Action Plan 2017–2019](#), described as 'exemplary' in The Mandarin May 2017 edition, is considered best practice by the Australian Public Service Commission and has been used as a benchmark example across the APS.

In 2017–18, the Gender Equity Network continued to organise activities to raise awareness about gender issues, provide a space for conversation by holding regular member meetings, published articles about personal reflections/stories and experiences and advocated for its activities by attending Diversity and Inclusion Committee meetings and the Cross-Agency Network meetings.

Our Cultural and Linguistic Diversity Network continued its work in promoting and engaging with staff on matters that impact people from a culturally and linguistically diverse background. The network commenced work in 2017–18 on its action plan for 2018, linking its plan to the overall strategic objectives and plan outlined in the Diversity and Inclusion Strategy.

Report on financial performance

Financial performance

This section should be read in conjunction with our audited financial statements for 2017–18, which appear in the financial statements section of this report.

Financial overview

This section highlights the department's financial performance during 2017–18 for both departmental and administered activities.

The department's financial statements are presented in Part 4 of this report. The ANAO issued an unmodified audit opinion of these statements on 20 September 2018.

Departmental financial results are summarised in Table 3.7 and administered financial results are summarised in Table 3.8.

Departmental finances

The department's net cost of services for 2017–18 was \$98.5 million, with revenue from government of \$104.2 million, resulting in an operating surplus of \$5.6 million. The surplus excluding depreciation was \$9.5 million, which is primarily the result of recognising a gain from the transfer of leasehold fitout from the Department of Industry, Innovation and Science on 1 July 2017, following relocation of the department's Canberra office to the Nishi building at 2 Phillip Law Street, New Acton, Canberra City.

Table 3.7 Summary of departmental financial performance and position

	2016–17 \$ million	2017–18 \$ million	Change last year	
Employee and supplier expenses	105.3	109.1	3.6%	▲
Depreciation	5.0	3.9	(22.0%)	▼
Other expenses	5.1	11.6	127.5%	▲
Total expenses	115.4	124.6	8.0%	▲
Revenue from government	108.9	104.2	(4.3%)	▼
Other revenue	5.7	7.3	28.1%	▲
Gains	0.5	18.7	3640.0%	▲
Total income	115.1	130.2	13.1%	▲
Net cost of services	109.2	98.5	(9.8%)	▼
Operating result (loss)	(0.3)	5.6	1966.7%	▲
Financial assets	26.6	25.9	(2.6%)	▼
Non-financial assets	53.2	66.5	25.0%	▲
Liabilities	32.7	37.4	14.4%	▲
Net assets	47.1	55.0	16.8%	▲

Administered finances

Administered expenses increased by \$58.5 million as a result of the variations in the amounts appropriated to the corporate Commonwealth entities in the portfolio and increased activity in the public interest telecommunications for voice-only customer migration program. Administered income increased by \$98.3 million primarily as a result of \$69.7 million of interest received from a new loan arrangement with NBN Co Limited and an increase of \$28.4 million in dividends received from the Australian Postal Corporation.

The \$2,638.8 million increase in administered financial assets reflects the net impact of recognising the loan receivable from NBN Co Limited and a decrease in administered investments.

Table 3.8 Summary of administered financial performance and position

	2016–17 \$ million	2017–18 \$ million	Change last year	
Grants	294.1	286.7	(2.5%)	▼
Other expenses	370.2	409.0	10.5%	▲
Payments to Commonwealth Authorities and Companies Bodies	1,735.8	1,762.9	1.6%	▲
Total expenses	2,400.1	2,458.6	2.4%	▲
Sales of goods and rendering of services	4.3	3.7	(14.0%)	▼
Interest	2.6	71.9	2665.4%	▲
Dividends	50.1	78.5	56.7%	▲
Other revenue	7.9	9.1	15.2%	▲
Total income	64.9	163.2	151.5%	▲
Financial assets	29,425.7	32,064.5	9.0%	▲
Non-financial assets	217.1	207.3	(4.5%)	▼
Liabilities	396.2	390.5	(1.4%)	▼
Net assets	29,246.6	31,881.3	9.0%	▲

Assets management

Our capital plan reflects the government's priorities and business needs and complies with the financial management framework. We monitor asset acquisitions and disposals against this plan, and we carry out a risk-based annual stocktake for non-artwork targeting key asset classes or events to update and verify the accuracy of our asset records and review their condition and utility. A separate stocktake of all artworks held on premises by Artbank is completed annually.

Purchasing

Our procurement policies and processes are consistent with the Public Governance, Performance and Accountability Act 2013 (PGPA Act) and the Commonwealth Procurement Rules, and appropriate controls are in place to ensure procurement is carried out in accordance with legislative requirements and the Commonwealth Procurement Rules.

We publish procurement activities and annual procurement plans on AusTender. Information on expected procurement activities in 2018–19 is included in our latest annual procurement plan and is also available on AusTender.

Consultants

We engage consultants to provide specialised professional services when we do not have the capability or capacity to perform these in-house, or where we need independent research, review, assessment or advice. Consultants are typically engaged to investigate or diagnose a specific issue or problem, carry out reviews or evaluations, and provide independent advice, information or solutions to help us make decisions.

Before engaging consultants, we take into account the skills and resources needed for the task, the skills available internally and the cost-effectiveness of engaging external expertise. Our policy for selecting and engaging consultants in 2017–18 was in accordance with the PGPA Act and the Commonwealth Procurement Rules: it is based on the core principle of achieving value for money.

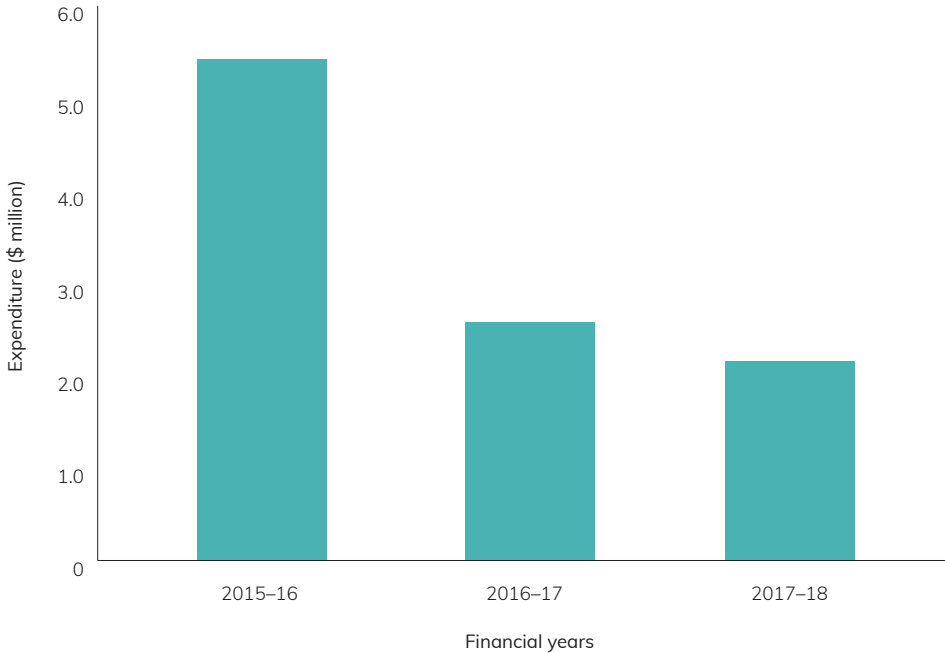
The main categories in which consultants were engaged are for the provision of:

- › legal services
- › auditing and accounting services
- › economic services
- › recruitment services
- › other professional services, including in relation to engineering, broadcasting and telecommunications

During 2017–18, 80 new consultancy contracts were entered into involving total actual expenditure during that period of \$1.597 million. In addition, 31 ongoing consultancy contracts were active during 2017–18, involving total actual expenditure during that period of \$0.562 million. Therefore, total consultancy expenditure during 2017–18 was \$2.159 million.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.

Figure 3.3 Expenditure on consultancy contracts, 2015–16 to 2017–18



Procurement initiatives to support small business

We support small business participation in the Australian Government procurement market. Small and medium-sized enterprises and small enterprise participation statistics are available on the Department of Finance's website.

We continue to meet government policy requirements in terms of supporting small and medium enterprises in the following ways:

- › Our approach-to-market documents are clear and straightforward to help potential suppliers to produce a response that does not require extensive time and effort.
- › Our processes facilitate the payment of invoices on time, and our financial management information system identifies late payments so that remedies can be applied.
- › We use the Commonwealth Contracting Suite for eligible procurements valued under \$200,000 (GST inclusive).
- › Where procurements are considered low risk and their value is below the procurement threshold of \$80,000 (GST inclusive), a streamlined process is followed.
- › For procurements valued under \$10,000 (GST inclusive), we encourage the use of payment by credit card.

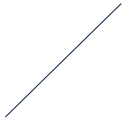
- › We have exceeded our portfolio target for supporting Indigenous businesses by raising awareness of the Commonwealth Indigenous Procurement Policy both within the department and with our external portfolio agencies, many of whom are not bound by the policy. By teaming with our portfolio agencies, we achieved 474 contracts with Indigenous businesses worth \$44.9 million, against a financial year target of 28.

We recognise the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are published by the Treasury on its website.

Grants

We have systems in place to ensure our grants programs are managed in accordance with the Australian Government's legislative framework, including the Commonwealth Grants Rules and Guidelines.

Information on grants awarded by the department for the period 1 July to 31 December 2017 is available on our website at www.communications.gov.au/who-we-are/department/funding-reporting and for the period 1 January to 30 June 2018 information is available on the GrantConnect website at www.grants.gov.au.





FINANCIAL STATEMENTS

This part of the report contains our audited financial statements for the year ended 30 June 2018, in accordance with subsection 43(4) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).



INDEPENDENT AUDITOR'S REPORT

To the Minister for Communications, Minister for the Arts

Opinion

In my opinion, the financial statements of the Department of Communications and the Arts (Communications) for the year ended 30 June 2018:

- comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- present fairly the financial position of Communications as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of Communications, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Communications in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How the audit addressed the matter
Valuation of Administered Loans	To address the key audit matter I have:
Refer to Note 4.1 'Administered – Financial Assets' and Note 7.3 'Administered – Financial Instruments'	<ul style="list-style-type: none"> assessed the appropriateness of Communications' methodology for identifying impairment indicators; and
Communications administers a loan to NBN Co	<ul style="list-style-type: none"> evaluated the reasonableness of key

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

Limited which as at 30 June 2018 was valued at \$5 531 million.

I focused on this area given the significance of the balance to Communications and the significant judgement involved in assessing whether there are indicators of impairment, including the recoverability of the loan based on cash flow forecasts, for which small changes in assumptions can result in material impacts on the estimated cash flows and the business rate of return.

assumptions adopted by Communications, including the cash flow forecasts, the sensitivity of the cash flow forecasts and the selection of the discount rate.

Key audit matter

Valuation of Administered Investments

Refer to Note 4.1 C 'Other Investments' and Note 7.5A 'Fair Value Measurements'

Communications has estimated the fair value of its Administered Investment in NBN Co Limited to be \$13 247 million as at 30 June 2018.

The valuation of NBN Co Limited is a key audit matter due to the significance of the balance and the significant judgement by management in determining the valuation methodology, which is the net asset value of NBN Co Limited.

How the audit addressed the matter

To address the key audit matter I have:

- assessed the appropriateness of the valuation methodology used by Communications to value NBN Co Limited;
- assessed the appropriateness of the accounting policies reported by NBN Co to measure the fair value of its recorded assets and liabilities, including the appropriateness of key assumptions and inputs used. This includes the discount rate, stage of completion, technological and economic assessments and cash flow forecasts; and
- considered the sensitivity of the valuation by adjusting key assumptions for reasonably foreseeable alternate scenarios.

Key audit matter

Valuation of Administered Investments

Refer to Note 4.1 C 'Other Investments' and Note 7.5A 'Fair Value Measurements'

Communications has estimated the fair value of its Administered Investment in the Australian Postal Corporation to be \$2 582 million as at 30 June 2018.

The valuation of the Australian Postal Corporation, using a discounted cash flow model, is a key audit matter due to the valuation being dependent upon key assumptions that require significant management judgement because the chief inputs to the valuation model are not based on observable market information.

How the audit addressed the matter

To address the key audit matter I have:

- assessed the appropriateness of Communications' valuation methodology and the assumptions and inputs used in the valuation model, including the cash flow forecasts and discount rate. This included testing of the accuracy of amounts recognised in the valuation model against estimates and publications produced by the Australian Postal Corporation;
- compared key inputs used in the valuation model against market information related to the valuation of listed companies with comparable operations; and
- considered the sensitivity of the valuation by adjusting key assumptions for reasonably foreseeable alternate scenarios.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of Communications the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing Communications' ability to continue as a going concern, taking into account whether the entity's operations will cease as a result

of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

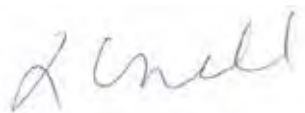
As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Lesla Craswell
Executive Director

Delegate of the Auditor-General

Canberra
20 September 2018



Australian Government
Department of Communications and the Arts

2017-18 FINANCIAL STATEMENTS

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of Communications and the Arts will be able to pay its debts as and when they fall due.

A blue ink signature of Mike Mrdak, consisting of several overlapping loops and a long horizontal stroke.

Mike Mrdak AO
Secretary
20 September 2018

A blue ink signature of Sarah Vandenbroek, featuring a stylized 'S' and 'V' followed by 'denbroek'.

Sarah Vandenbroek
Chief Financial Officer
20 September 2018

Contents

Certification

Independent Audit Report

Statement by the Accountable Authority and Chief Financial Officer

Primary financial statements

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Cash Flow Statement

Administered Schedule of Comprehensive Income

Administered Schedule of Assets and Liabilities

Administered Reconciliation Schedule

Administered Cash Flow Statement

Overview

Notes to the financial statements

1. Departmental Financial Performance

1.1 Expenses

1.2 Own-Source Revenue and Gains

2. Income and Expenses Administered on Behalf of Government

2.1 Administered – Expenses

2.2 Administered – Income

3. Departmental Financial Position

3.1 Financial Assets

3.2 Non-Financial Assets

3.3 Payables

3.4 Other Provisions

4. Assets and Liabilities Administered on Behalf of Government

4.1 Administered – Financial Assets

4.2 Administered – Non-Financial Assets

4.3 Administered – Payables

4.4 Administered – Provisions

5. Funding

5.1 Appropriations

5.2 Special Accounts

5.3 Regulatory Charging Summary

6. People and Relationships

6.1 Employee Provisions

6.2 Key Management Personnel Remuneration

6.3 Related Party Disclosures

7. Managing Uncertainties

7.1 Contingent Assets and Liabilities

7.2 Financial Instruments

7.3 Administered – Financial Instruments

7.4 Fair Value Measurement

7.5 Administered – Fair Value Measurements

8. Other Information

8.1 Restructuring

8.2 Budgetary Reports and Explanations of Major Variances

Department of Communications and the Arts
Statement of Comprehensive Income
for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	71,021	70,813
Suppliers	1.1B	38,113	34,469
Grants	1.1C	4,384	2,483
Depreciation and amortisation	3.2A	3,935	4,964
Finance costs	1.1D	19	41
Write-down and impairment of assets	1.1E	-	1,406
Losses from asset sales	1.1F	6,246	207
Other expenses	1.1G	836	933
Total expenses		124,554	115,316
Own-Source Income			
Own-source revenue			
Sales of goods and rendering of services	1.2A	3,788	4,146
Rental income	1.2B	1,886	222
Other revenue	1.2C	1,669	1,322
Total own-source revenue		7,343	5,690
Gains			
Other gains	1.2D	18,675	457
Total gains		18,675	457
Total own-source income		26,018	6,147
Net cost of services		(98,536)	(109,169)
Revenue from Government	1.2E	104,179	108,851
Surplus (Deficit) before income tax on continuing operations		5,643	(318)
Surplus (Deficit) after income tax on continuing operations		5,643	(318)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		(392)	-
Total other comprehensive income		(392)	-
Total comprehensive income/ (loss)		5,251	(318)

The above statement should be read in conjunction with the accompanying notes.

Department of Communications and the Arts
Statement of Financial Position
as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents	3.1A	4,666	3,398
Trade and other receivables	3.1B	21,195	23,272
Total financial assets		25,861	26,670
Non-financial assets			
Buildings	3.2A	13,843	3,457
Property, plant and equipment	3.2A	43,752	40,726
Intangibles	3.2A	6,563	7,423
Other non-financial assets	3.2B	2,370	1,576
Total non-financial assets		66,528	53,182
Total assets		92,389	79,852
LIABILITIES			
Payables			
Suppliers	3.3A	4,534	3,119
Grants	3.3B	176	77
Other payables	3.3C	7,426	3,451
Total payables		12,136	6,647
Provisions			
Employee provisions	6.1	25,011	23,656
Other provisions	3.4	221	2,437
Total provisions		25,232	26,093
Total liabilities		37,368	32,740
Net assets		55,021	47,112
EQUITY			
Contributed equity		69,302	66,423
Reserves		7,049	7,439
Accumulated deficit		(21,330)	(26,750)
Total equity		55,021	47,112

The above statement should be read in conjunction with the accompanying notes.

Department of Communications and the Arts
Statement of Changes in Equity
for the period ended 30 June 2018

	Retained earnings		Asset revaluation reserve		Contributed equity		Total equity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Opening balance								
Balance carried forward from previous period	(26,750)	(26,432)	7,439	7,439	66,423	62,694	47,112	43,701
Adjustment for prior year error	(221)	-	-	-	-	-	(221)	-
Adjusted opening balance	(26,971)	(26,432)	7,439	7,439	66,423	62,694	46,891	43,701
Comprehensive income								
Surplus (Deficit) for the period	5,643	(318)	-	-	-	-	5,643	(318)
Other comprehensive income	-	-	(392)	-	-	-	(392)	-
Total comprehensive income	5,643	(318)	(392)	-	-	-	5,251	(318)
Transactions with owners								
Contributions to owners								
Returns of capital - repealed appropriation	-	-	-	-	(679)	-	(679)	-
Contributions by owners								
Equity injection - Appropriation	-	-	-	-	-	150	-	150
Departmental capital budget	-	-	-	-	3,558	3,579	3,558	3,579
Total transactions with owners	-	-	-	-	2,879	3,729	2,879	3,729
Transfers between equity components	(2)	-	-	-	-	-	-	-
Closing balance as at 30 June	(21,330)	(26,750)	7,049	7,439	69,302	66,423	55,021	47,112

The above statement should be read in conjunction with the accompanying notes.

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental capital budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets assumed from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Department of Communications and the Arts**Cash Flow Statement***for the period ended 30 June 2018*

	Notes	2018 \$'000	2017 \$'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Government		116,145	116,356
Sales of goods and rendering of services		5,665	6,009
GST received		2,831	3,362
Other		2,704	1,404
Total cash received		127,345	127,131
Cash used			
Employees		68,419	73,011
Suppliers		40,219	42,096
Grants		4,285	3,673
Section 74 receipts transferred to Official Public Account		11,030	6,261
Other expenses		836	933
Total cash used		124,789	125,974
Net cash from operating activities		2,556	1,157
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment		721	20
Total cash received		721	20
Cash used			
Purchase of land and buildings		1,807	771
Purchase of property, plant and equipment		5,249	2,502
Purchase of intangibles		504	1,351
Total cash used		7,560	4,624
Net cash used by investing activities		(6,839)	(4,604)
FINANCING ACTIVITIES			
Cash received			
Departmental capital budget		5,551	4,341
Net transfer from the Official Public Account		-	2,186
Total cash received		5,551	6,527
Cash used			
Transfer special account balance		-	1,741
Total cash used		-	1,741
Net cash from financing activities		5,551	4,786
Net increase in cash held		1,268	1,339
Cash and cash equivalents at the beginning of the reporting period		3,398	2,059
Cash and cash equivalents at the end of the reporting period	3.1A	4,666	3,398

The above statement should be read in conjunction with the accompanying notes.

Department of Communications and the Arts
Administered Schedule of Comprehensive Income
for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
NET COST OF SERVICES			
Expenses			
Suppliers	2.1A	383,955	352,949
Grants	2.1B	286,702	294,080
Depreciation and amortisation	4.2A	9,822	9,855
Write-down and impairment of assets	2.1C	1,582	-
Payments to corporate Commonwealth entities	2.1D	1,762,898	1,735,754
Other expenses	2.1E	13,604	7,503
Total expenses		2,458,563	2,400,141
Income			
Revenue			
Non-taxation revenue			
Sale of goods and rendering of services	2.2A	3,702	4,294
Interest	2.2B	71,862	2,560
Dividends	2.2C	78,472	50,100
Rental income	2.2D	1,529	1,765
Other revenue	2.2E	1,237	1,533
Other gains	2.2F	6,406	4,640
Total non-taxation revenue		163,208	64,892
Total revenue		163,208	64,892
Total income		163,208	64,892
Net cost of services		(2,295,355)	(2,335,249)
Deficit		(2,295,355)	(2,335,249)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		(88)	(1,411)
Items subject to subsequent reclassification to net cost of services			
Losses on available for sale financial assets		(4,915,290)	(3,993,587)
Total other comprehensive income (loss)		(4,915,378)	(3,994,998)
Total comprehensive loss		(7,210,733)	(6,330,247)

The above statement should be read in conjunction with the accompanying notes.

Department of Communications and the Arts
Administered Schedule of Assets and Liabilities
as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	4.1A	47	26,711
Trade and other receivables	4.1B	5,616,368	105,778
Other investments	4.1C	26,448,077	29,293,211
Other financial assets	4.1D	19	20
Total financial assets		32,064,511	29,425,720
Non-financial assets			
Buildings	4.2A	56,377	58,110
Property, plant and equipment	4.2A	148,012	156,135
Other non-financial assets	4.2B	2,917	2,875
Total non-financial assets		207,306	217,120
Total assets administered on behalf of Government		32,271,817	29,642,840
LIABILITIES			
Payables			
Suppliers	4.3A	340,653	335,349
Grants	4.3B	29,632	39,452
Other payables	4.3C	19,061	21,376
Total payables		389,346	396,177
Provisions			
Other provisions	4.4A	1,173	-
Total provisions		1,173	-
Total liabilities administered on behalf of Government		390,519	396,177
Net assets		31,881,298	29,246,663

The above statement should be read in conjunction with the accompanying notes.

Department of Communications and the Arts
Administered Reconciliation Schedule
for the period ended 30 June 2018

	2018 \$'000	2017 \$'000
Opening assets less liabilities as at 1 July	29,246,663	25,973,330
Adjustment for changes in the Public Governance Performance and Accountability (Financial Reporting) Rule 2015 ¹	-	36,400
Adjusted opening assets less liabilities	29,246,663	26,009,730
Net cost of contribution by services		
Income	163,208	64,892
Expenses		
Payments to entities other than corporate Commonwealth entities	(695,665)	(664,387)
Payments to corporate Commonwealth entities	(1,762,898)	(1,735,754)
Other comprehensive income		
Revaluations transferred to (from) reserves	(4,915,290)	(3,993,587)
Asset revaluation reserve	(88)	(1,411)
Restructuring		
Old Parliament House	-	93,468
Transfers (to) from the Australian Government		
Appropriation transfers from Official Public Account		
Administered assets and liabilities appropriations		
Payments to corporate Commonwealth entities	2,075,156	7,224,746
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	427,696	395,098
Payments to corporate Commonwealth entities	1,762,898	1,735,754
Loans to corporate Commonwealth entities	5,531,000	-
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	70	51
Funds provided from related entity to special account	227,220	217,744
Appropriation transfers to OPA		
Transfers to OPA	(178,672)	(99,681)
Closing assets less liabilities as at 30 June	31,881,298	29,246,663

¹Under the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 Division 6 (of Part 6) - Special Accounts section 48 (7) changes were made that resulted in the requirement to disclose Administered special accounts held in the OPA as cash equivalents in the Department's Administered financial statements. The above statement should be read in conjunction with the accompanying notes.

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the entity for use by the Government rather than the entity is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the entity on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

Department of Communications and the Arts
Administered Cash Flow Statement
for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
OPERATING ACTIVITIES			
Cash received			
Sales of goods and rendering of services		3,729	4,257
Interest		71,021	1,580
Dividends		78,472	50,100
GST received		56,311	48,078
Other		1,317	1,321
Total cash received		210,850	105,336
Cash used			
Grants		319,424	293,308
Suppliers		402,165	371,116
Payments to corporate Commonwealth entities		1,762,898	1,735,754
Other		14,791	7,306
Total cash used		2,499,278	2,407,484
Net cash used by operating activities		(2,288,428)	(2,302,148)
INVESTING ACTIVITIES			
Cash received			
Repayments of advances and loans from corporate Commonwealth entities		20,000	20,000
Proceeds from return of equity by corporate Commonwealth entities		5,000	23,388
Total cash received		25,000	43,388
Cash used			
Loans to corporate Commonwealth entities		5,531,000	-
Corporate Commonwealth entity investments		2,075,156	7,224,746
Purchase of buildings		1,636	1,649
Total cash used		7,607,792	7,226,395
Net cash used by investing activities		(7,582,792)	(7,183,007)
FINANCING ACTIVITIES			
Cash received			
Funds provided from related entity for special account		227,220	217,744
Total cash received		227,220	217,744
Net cash from financing activities		227,220	217,744
Net decrease in cash held		(9,644,000)	(9,267,411)
Cash and cash equivalents at the beginning of period		26,711	36,400
Cash from Official Public Account			
Appropriations		427,696	395,098
Corporate Commonwealth entities appropriations		3,838,054	8,960,500
Loans to corporate Commonwealth entities		5,531,000	-
Special appropriations		70	51
GST drawdowns from Finance		55,533	49,878
Total cash from official public account		9,852,353	9,405,527
Cash to Official Public Account			
Appropriations		-	-
Dividends		78,472	50,100
GST repayments to Finance		56,345	48,124
Other - receipts		100,200	49,581
Total cash to official public account		235,017	147,805
Cash and cash equivalents at the end of the reporting period	4.1 A	47	26,711

The above statement should be read in conjunction with the accompanying notes.

Overview

Objectives of the Entity

The Department of Communications and the Arts (the Department) is a Government controlled entity. It is a not-for-profit entity. The objective of the Department is to foster an environment in which all Australians benefit from access to diverse communication services and artistic and cultural experiences.

The Department is structured to meet the following outcomes:

Outcome 1: Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services

Outcome 2: Participation in, and access to, Australia's arts and culture through developing and supporting cultural expression

The continued existence of the Department in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the Department's administration and programs.

Activities that contribute to these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- a) Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR) for reporting periods ending on or after 1 July 2017; and
- b) Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

Under Reduced Disclosure Requirements issued by the AASB the Department has applied Tier 2 reduced reporting. However, due to the materiality of the NBN Co Limited loan the Administered notes for AASB 7 *Financial Instruments* and AASB 13 *Fair Value Measurement* have been prepared consistent with Tier 1 reporting requirements. Although this level of disclosure is not required of the Department under subsection 18 (2) and (3) of the FRR, the Department has elected to use Tier 1 for these notes to increase transparency.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and rounded to the nearest thousand.

Significant Accounting Judgements and Estimates

For the Administered Investments in Australia Post, management estimates are used to determine volume and price growth rates and the weighted average cost of capital that underpin the discounted cash flow valuation at the end of the reporting period. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial position reported in future periods. The valuation of NBN Co Limited is based on the net assets approach. Refer 4.1C.

No other accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

New Accounting Standards

All new standards, revised standards, interpretations or amending standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Department's financial statements.

Future Accounting Standards

The following new, amending standards or interpretations were issued by the AASB prior to the sign-off date. All other new standards, revised standards, interpretations or amending standards that were issued prior to the sign-off date and are applicable to current reporting period did not have a material effect, and are not expected to have a future material effect on the Department's financial statements with the exception of the following.

The Department expects to apply AASB 16 *Leases* from 1 July 2019. This Standard will require the net present value of payments under most operating leases to be recognised as assets and liabilities. As at 30 June 2018 the Department has a net \$90.972 million (GST inclusive) in operating lease commitments.

The Department expects to apply AASB 9 *Financial Instruments* from 1 July 2018. Work will be undertaken during 2018-19 to assess the impact to loans and general provisions for receivables.

Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Events After the Reporting Period

Departmental

There are no events that occurred after the reporting period that would materially affect the departmental financial statements.

Administered

The Commonwealth has agreed to extend the tenor of its loan to NBN Co Limited by three years (from 30 June 2021 to 30 June 2024) and allow NBN Co Limited to access up to \$2 billion of private sector debt. The terms of the amended and restated Commonwealth loan and terms for the private debt are subject to the approval of the Commonwealth.

There are no other events that occurred after the reporting period that would materially affect the administered financial statements.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Departmental Financial Performance**1.1 Expenses**

This section analyses the financial performance of the Department of Communications and the Arts for the year ended 2018.

	2018 \$'000	2017 \$'000
1.1A: Employee Benefits		
Wages and salaries	52,202	52,257
Superannuation		
Defined contribution plans	4,943	4,703
Defined benefit plans	5,217	5,505
Leave and other entitlements	6,912	6,393
Separation and redundancies	728	914
Other employee expenses	1,019	1,041
Total employee benefits	71,021	70,813

Accounting Policy

Accounting policies for employee related expenses are contained in the People and relationships section.

1.1B: Suppliers**Goods and services supplied or rendered**

Consultants and contractors	8,827	11,138
IT services	7,489	9,429
Office requisites	1,158	1,576
Property	2,465	1,742
Training	1,458	1,134
Travel	2,041	1,764
Other goods and services	3,423	2,993
Total goods and services supplied or rendered	26,861	29,776

Goods supplied	3,177	4,560
Services rendered	23,684	25,216
Total goods and services supplied or rendered	26,861	29,776

Other suppliers

Workers compensation expenses	323	347
Operating lease rentals	10,929	4,346
Total other suppliers	11,252	4,693
Total suppliers	38,113	34,469

Leasing commitments

The Department in its capacity as lessee for 2 Phillip Law St, Canberra is subject to a 3.5% fixed annual adjustment with a market rent review in April 2018 and April 2023. The current term for the office accommodation expires on 14 December 2027.

The Department in its capacity as lessee for Level 46, 360 Elizabeth Street, Melbourne is subject to a 4% fixed annual adjustment. The lease terms expires on 3 April 2019.

The Department in its capacity as lessee for 23-33 Mary Street part level 5 & level 6, Sydney is subject to a 3% fixed annual adjustment. The lease terms expires on 14 May 2019.

The Department in its capacity as lessee for 222 Young Street, Sydney is subject to a 3% fixed annual adjustment. The current term for accommodation expires on 31 December 2023.

The Department in its capacity as lessee for 18-24 Down Street, Collingwood is subject to a 3% fixed annual adjustment with a market rent review in January 2025. The current term for accommodation expires on 31 December 2026.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2018 \$'000	2017 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	9,355	8,207
Between 1 to 5 years	36,304	37,710
More than 5 years	45,313	55,672
Total operating lease commitments	90,972	101,589
The above commitment amounts are GST inclusive		

Accounting Policy

Where an asset is acquired by means of a finance lease, the asset is capitalised at the lower of the fair value of the leased property or, the present value of minimum lease payments at the inception of the contract. A liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

1.1C: Grants

Australian Government entities (related parties)	3,551	2,045
State and Territory Governments	368	368
Non-profit organisations	465	70
Total grants	4,384	2,483

1.1D: Finance Costs

Unwinding of discount	19	41
Total finance costs	19	41

1.1E: Write-Down and Impairment of Assets

Impairment of intangibles	-	1,406
Total write-down and impairment of assets	-	1,406

1.1F: Losses from Asset Sales

Heritage and cultural:		
Proceeds from sale	(721)	-
Carrying value of assets sold	1,126	-
Property, plant and equipment:		
Proceeds from sale	-	(20)
Carrying value of assets sold	543	89
Building:		
Proceeds from sale	-	-
Carrying value of assets sold	5,212	138
Intangibles:		
Proceeds from sales	-	-
Carrying value of assets sold	86	-
Net losses from asset sales	6,246	207

1.1G: Other Expenses

Contributions to Administered special account	786	933
Other contributions	50	-
Total other expenses	836	933

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.2 Own-Source Revenue and Gains

	2018 \$'000	2017 \$'000
Own-Source Revenue		
1.2A: Sale of Goods and Rendering of Services		
Sale of goods	-	7
Rendering of services	3,788	4,139
Total sale of goods and rendering of services	3,788	4,146

Accounting Policy

Revenue from the sale of goods and rendering of services is recognised when:

- a) The risks and rewards of ownership have been transferred to the buyer; and
- b) The entity retains no managerial involvement or effective control over the goods.

The stage of completion of contracts at the reporting date is determined by reference to:

- a) Surveys of work performed;
- b) Services performed to date as a percentage of total services to be performed; or
- c) The proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

1.2B: Rental Income

Rental reimbursements for car parking	10	222
Rental Rebates	39	-
Operating Lease Rental	1,837	-
Total rental income	1,886	222

Subleasing rental income commitments

The Department in its capacity of lessor has subleased two floors at 2 Phillip Law St, Canberra as of the 1 July 2017. The lease is subject to a 3.5% fixed annual adjustment, with a market rent review in April 2018 and April 2023. The current term for accommodation expires on 14 December 2027.

Commitments for sublease rental income receivables are as follows:

Within 1 year	1,924	1,085
Between 1 to 5 years	8,394	8,125
More than 5 years	10,823	12,738
Total sublease rental income commitments	21,141	21,948

The above commitment amounts are GST inclusive.

1.2C: Other Revenue

Refunds from prior year payments	2	231
Special account contributions	1,392	1,045
Other	275	46
Total other revenue	1,669	1,322

1.2D: Other Gains

Resources received free of charge	396	396
Reversal of provisions	1,781	61
Leasehold fitout	16,498	-
Total other gains	18,675	457

Accounting Policy

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2018 \$'000	2017 \$'000
<u>1.2E: Revenue from Government</u>		
Appropriations		
Departmental appropriations	104,179	108,851
Total revenue from Government	104,179	108,851

Accounting Policy

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the entity gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. Income and Expenses Administered on Behalf of Government**2.1 Administered – Expenses**

This section analyses the activities that the Department of Communications and the Arts does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

	2018 \$'000	2017 \$'000
2.1A: Suppliers		
Goods and services supplied or rendered		
Consultants and contractors	361,220	328,531
Royalty payments	22,312	22,397
Property	-	1,599
Other goods and services	423	422
Total goods and services supplied or rendered	383,955	352,949
 Goods supplied	 33	 11
Services rendered	383,922	352,938
Total goods and services supplied or rendered	383,955	352,949
2.1B: Grants		
Public sector		
Australian Government entities (related parties)	85,088	90,022
State and Territory Governments	2,967	7,327
Local Governments	2,029	2,166
Private sector		
Not-for-profit organisations	88,968	94,134
Commercial entities	107,650	100,431
Total grants	286,702	294,080

Accounting Policy

The entity administers a number of grant and subsidy schemes on behalf of the Government. Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. When the Government enters into an agreement to make these grants and subsidies payments but services have not been performed or criteria satisfied, this is considered a commitment.

2.1C: Write-Down and Impairment of Assets

Revaluation decrement - land and buildings	1,582	-
Total write-down and impairment of assets	1,582	-

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2018 \$'000	2017 \$'000
<u>2.1D: Payments to Corporate Commonwealth Entities</u>		
Australian Broadcasting Corporation	1,043,680	1,036,090
Special Broadcasting Service Corporation	280,058	281,598
Australia Council	209,393	188,424
Australian Film, Television and Radio School	22,683	22,985
Australian National Maritime Museum	20,727	21,075
National Film and Sound Archive of Australia	24,028	24,416
National Museum of Australia	41,444	39,375
National Library of Australia	51,836	50,078
National Portrait Gallery of Australia	10,809	11,037
Screen Australia	11,394	13,983
National Gallery of Australia	30,787	31,343
Old Parliament House	16,059	15,350
Total payments to corporate Commonwealth entities	1,762,898	1,735,754

Accounting Policy

Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the relevant portfolio department. The appropriation to the department is disclosed under the Funding section - Appropriations.

<u>2.1E: Other Expenses</u>		
International membership fees	7,027	6,918
Prizes and awards	595	585
Entitlements	4,577	-
Contributions	1,071	-
Other expenses	334	-
Total other expenses	13,604	7,503

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2.2 Administered – Income

	2018 \$'000	2017 \$'000
Revenue		
Non-Taxation Revenue		
<u>2.2A: Sale of Goods and Rendering of Services</u>		
Rendering of services	3,702	4,294
Total sale of goods and rendering of services	3,702	4,294

Accounting Policy

All administered revenues are revenues relating to ordinary activities performed by the entity on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

2.2B: Interest

Australian Broadcasting Corporation	2,132	2,560
NBN Co Limited	69,730	-
Total interest	71,862	2,560

2.2C: Dividends

Australian Postal Corporation	78,472	50,100
Total dividends	78,472	50,100

2.2D: Rental Income

Indefeasible Rights of Use	1,529	1,765
Total rental income	1,529	1,765

Accounting Policy

Rental Income is recognised over the term of the Indefeasible Rights of Use granted by the Commonwealth to external parties for use of the Administered property, plant and equipment.

2.2E: Other Revenue

Grant refunds	378	397
Contributions	786	986
Other revenue	73	150
Total other revenue	1,237	1,533

2.2F: Other Gains

Reversal of prior year payables	6,406	4,640
Total other gains	6,406	4,640

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. Departmental Financial Position

3.1 Financial Assets

This section analyses the Department of Communications and the Arts assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

	2018 \$'000	2017 \$'000
3.1A: Cash and Cash Equivalents		
Cash in special accounts	240	171
Cash on hand or on deposit	972	667
Cash held in the OPA (special accounts) ¹	3,454	2,560
Total cash and cash equivalents	4,666	3,398

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) Cash on hand;
- b) Demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and
- c) Cash in special accounts.

3.1B: Trade and Other Receivables

Goods and services receivables

Goods and services	2,147	1,152
Total goods and services receivables	2,147	1,152

Appropriations receivables

For existing programs	17,766	21,374
Total appropriations receivable	17,766	21,374

Other receivables

GST receivable from the Australian Taxation Office	444	745
Other	847	10
Total other receivables	1,291	755
Total trade and other receivables (gross)	21,204	23,281

Less impairment allowance

Other receivables	(9)	(9)
Total impairment allowance account	(9)	(9)
Total trade and other receivables (net)	21,195	23,272

All receivables are expected to be recovered in no more than 12 months.

Credit terms for goods and services were within 30 days (2017: 30 days).

¹ Under the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 Division 6 (of part 6) - Special Accounts Section 48 (7) changes have been made that result in the requirement to disclose special accounts held in the OPA as cash equivalents in the Department's financial statements.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy

Trade receivables, loans and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Reconciliation of the Impairment Allowance

	Other receivables \$'000	Total \$'000
Movements in relation to 2018		
As at 1 July 2017	9	9
Amounts written off	-	-
Amounts recovered and reversed	-	-
Increase (decrease) recognised in net cost of services	-	-
Total as at 30 June 2018	9	9
Movements in relation to 2017		
As at 1 July 2016	-	-
Amount transferred from restructuring	9	9
Total as at 30 June 2017	9	9

Accounting Policy

Financial assets are assessed for impairment at the end of each reporting period.

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.2 Non-Financial Assets

3.2A: Reconciliation of the Opening and Closing Balances of Buildings, Property, Plant and Equipment and Intangibles for 2018

	Buildings \$'000	Heritage and cultural \$'000	Property, plant and equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2017						
Gross book value	7,086	36,657	5,894	13,895	1,095	64,627
Accumulated depreciation, amortisation and impairment	(3,629)	(237)	(1,588)	(6,734)	(833)	(13,021)
Total as at 1 July 2017	3,457	36,420	4,306	7,161	262	51,606
Additions						
Purchase	1,807	582	4,667	-	22	7,078
Donation/gift	16,498	-	-	-	-	16,498
Internally developed	-	-	-	482	-	482
Impairments recognised in net cost of services	-	-	-	-	-	-
Revaluations recognised in net cost of services	(358)	-	(25)	-	-	(383)
Reclassifications	(728)	-	338	390	-	-
Depreciation and amortisation	(1,621)	(142)	(725)	(1,369)	(78)	(3,935)
Disposals						
From disposal of entities or operations (including restructuring)	(5,212)	(1,126)	(543)	(86)	-	(6,967)
Other - adjustment for prior year error	-	-	-	(221)	-	(221)
Total as at 30 June 2018	13,843	35,734	8,018	6,357	206	64,158
Total as at 30 June 2018 represented by						
Gross book value	15,199	36,103	8,397	14,134	967	74,800
Accumulated depreciation, amortisation and impairment	(1,356)	(369)	(379)	(7,777)	(761)	(10,642)
Total as at 30 June 2018	13,843	35,734	8,018	6,357	206	64,158

All revaluations are conducted in accordance with the revaluation policy stated at Note 7.4. An independent valuer conducted the revaluations as at 30 June 2018. There were revaluation decrements for 2018 of \$358,656 (2017: nil) for leasehold improvements and \$24,653 for property, plant and equipment (2017: nil) and were debited from the asset revaluation reserve and included in the equity section of the Statement of Financial Position. As at 30 June 2018 no intangible assets were found to be impaired.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Contractual commitments for the acquisition of property, plant, equipment and intangible assets for 2018

Capital Commitments	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
Buildings	156	-	-
Property, plant and equipment	68	-	-
Computer software	300	-	-
Total capital commitments	524	-	-

Contractual commitments for the acquisition of property, plant, equipment and intangible assets for 2017

Capital Commitments	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
Buildings	2,145	-	-
Property, plant and equipment	3,165	-	-
Total capital commitments	5,310	-	-

The above commitment amounts are GST inclusive.

Department of Communications and the Arts**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Accounting Policy**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Property, Plant and Equipment*Asset Recognition Threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items that are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make-good' provisions in property leases taken up by the Department where an obligation exists to restore the property to its original condition. These costs are included in the value of the Department's leasehold improvements with a corresponding provision for the 'make-good' recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class	Fair Value measured at:
Land and buildings	Depreciated replacement cost
Property, plant and equipment	Market selling price or depreciated replacement cost
Heritage and cultural asset	Active market

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised through the Statement of Comprehensive Income. Revaluation decrements for a class of assets are recognised directly through the Statement of Comprehensive Income, except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Assets purchased during the financial year are excluded from asset revaluation as they represent fair value.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2018	2017
<i>Buildings</i>		
• Leasehold improvements	Lower of 10 years or lease term	Lower of 10 years or lease term
<i>Property, Plant and Equipment</i>		
• Artworks	Up to 480 years	Up to 480 years
• Computer equipment	3 to 5 years	3 to 5 years
• Plant, office equipment, furniture and fittings	5 to 10 years	5 to 10 years

Heritage and Cultural

Heritage and cultural items include artworks held by Artbank that are of national, historical or cultural significance. Artbank maintains separate curatorial and preservation policies for heritage and cultural assets, (<http://www.artbank.gov.au/preservation.html>).

Impairment

All assets were assessed for impairment at 30 June 2018. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

The Department's intangibles comprise software externally purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight-line basis over its anticipated useful life.

The useful lives of the Department's software are:

	2018	2017
Externally purchased software	3 to 5 years	3 to 5 years
Internally developed software	3 to 5 years	3 to 5 years

All software assets were assessed for indications of impairment as at 30 June 2018.

3.2B: Other Non-Financial Assets

Operating lease rentals - sublease

Lease incentive - sublease

Prepayments

Total other non-financial assets

	2018 \$'000	2017 \$'000
Operating lease rentals - sublease	188	-
Lease incentive - sublease	663	-
Prepayments	1,519	1,576
Total other non-financial assets	2,370	1,576

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3.3 Payables

	2018 \$'000	2017 \$'000
3.3A: Suppliers		
Trade creditors and accruals	3,794	2,801
Operating lease rentals	740	318
Total suppliers	4,534	3,119

The majority of suppliers engaged had 30 day payment terms.

Suppliers are expected to be settled in no more than 12 months.

3.3B: Grants**Private sector**

Non-profit organisations	176	77
Total grants	176	77

Settlement is made according to the terms and conditions of each grant. This is usually within 30 days of performance or eligibility.

All grants payable are expected to be settled in no more than 12 months.

3.3C: Other Payables

Salaries and wages	569	441
Superannuation	81	77
Employee transfers	1,657	715
Lease incentive	2,999	127
Prepayments received/unearned income	2,030	1,965
Other	90	126
Total other payables	7,426	3,451

3.4 Other Provisions

	Provision for make-good ¹ \$'000	Total \$'000
As at 1 July 2017	2,437	2,437
Additional provisions made	-	-
Amounts used	(463)	(463)
Amounts reversed	(1,781)	(1,781)
Changes in revaluation	9	9
Unwinding of discount or change in discount rate	19	19
Total as at 30 June 2018	221	221

¹The Department currently has two (2017: three) agreements for the leasing of premises that have provisions requiring the Department to restore the premises to their original condition at the conclusion of the lease. The Department has made a provision to reflect the present value of this obligation. The Department settled make good obligations for 38 Sydney Avenue, Forrest, in October 2017.

4. Assets and Liabilities Administered on Behalf of Government

4.1 Administered – Financial Assets

This section analyses assets used to conduct operations and the operating liabilities incurred. As a result the Department of Communications and the Arts does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

	2018 \$'000	2017 \$'000
4.1A: Cash and Cash Equivalents		
Cash held in the OPA (special accounts)	47	26,711
Total cash and cash equivalents	47	26,711
4.1B: Trade and Other Receivables		
Advances and loans		
Loans to corporate Commonwealth entities		
Australian Broadcasting Corporation ¹	49,021	68,180
NBN Co Limited ²	5,531,000	-
Total advances and loans	5,580,021	68,180
Other receivables		
GST receivable from the Australian Taxation Office	36,083	37,227
Grants receivable	264	256
Other	1	122
Total other receivables	36,348	37,605
Total trade and other receivables (gross)	5,616,369	105,785
Less impairment allowance		
Other receivables	(1)	(7)
Total impairment allowance	(1)	(7)
Total trade and other receivables (net)	5,616,368	105,778

¹Loans to corporate Commonwealth entities were made under financial assistance legislation for periods up to 12 years. No security is required. Interest rates are fixed. Principal and interest are repaid annually in arrears. Effective interest rates average 1.04% (2017: 1.43%).

²The Government has provided NBN Co Limited (NBN Co) with a loan of up to \$19.5 billion on commercial terms. The loan commenced in 2017-18 and the full amount of the loan is to be repaid by 30 June 2021. The loan agreement permits NBN Co to drawdown the loan as required. As the principal is drawn down, interest charges are levied based on the fixed interest rate of 3.96% p.a. and capitalised as part of the principal balance. The first drawdown on the loan was on 30 October 2017 with \$5.531 billion drawn down as at 30 June 2018.

Reconciliation of the Impairment Allowance

	Other receivables \$'000	Total \$'000
Movements in relation to 2018		
As at 1 July 2017	(7)	(7)
Amounts written off	6	6
Amounts recovered and reversed	-	-
Increase/(Decrease) recognised in net cost of services	-	-
Total as at 30 June 2018	(1)	(1)

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Movements in relation to 2017		
	Other receivables \$'000	Total \$'000
As at 1 July 2016	(7)	(7)
Amounts written off	-	-
Amounts recovered and reversed	-	-
Increase/(Decrease) recognised in net cost of services	-	-
Total as at 30 June 2017	(7)	(7)

Accounting Policy

Loans and receivables not subject to concessional treatment are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

	2018 \$'000	2017 \$'000
4.1C: Other Investments		
Corporate Commonwealth entities:		
Australian Broadcasting Corporation ¹	1,033,352	1,104,569
Australian Postal Corporation ²	2,582,229	2,614,000
Special Broadcasting Service Corporation ¹	215,544	207,469
Australia Council ¹	14,340	18,410
Australian Film, Television and Radio School ¹	11,122	11,096
Australian National Maritime Museum ¹	256,668	250,355
National Film and Sound Archive of Australia ¹	292,051	296,914
National Gallery of Australia ¹	6,314,864	6,299,243
National Library of Australia ¹	1,691,970	1,686,881
National Museum of Australia ¹	471,444	473,470
National Portrait Gallery of Australia ¹	143,798	143,353
Screen Australia ¹	17,743	17,716
Old Parliament House ¹	93,924	91,272
	13,139,049	13,214,748
Commonwealth companies:		
NBN Co Limited ³	13,247,377	16,024,885
Bundanon Trust ¹	58,729	51,059
Creative Partnerships Australia ¹	2,922	2,519
	13,309,028	16,078,463
Total other investments	26,448,077	29,293,211

For full details of the corporate Commonwealth entities and the Commonwealth companies please refer to each entity's individual financial statements.

¹Administered investment valuations are based on the audited net asset balance.

²Administered investment valuation in the Australian Postal Corporation is based on the discounted cash flow (DCF) methodology. An independent review of the DCF methodology was undertaken in June 2018 and June 2017.

³Administered investment valuation in the NBN Co Limited (NBN Co) is based on its net assets balance with the property, plant and equipment adjusted for fair value and the discounting of leave and superannuation liabilities adjusted by applying the Government bond rate. These adjustments were required to reflect the NBN Co at fair value in the Department's financial statements. The impact of these adjustments was an increase of \$1.035 billion at 30 June 2018 (2017: \$1.067 billion) to the \$12.212 billion reported in NBN Co's financial statements. NBN Co engaged an independent reviewer to assess the fair value of property, plant and equipment in June 2018 and in June 2017.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Australian Government level.

In accordance with AASB 13 *Fair Value Measurement*, the following techniques are used to value Administered Investments:

- (a) Discounted Cash Flows – this method needs to be considered when an entity invests in another entity that generates significant non-government cash inflows and those cash flows can be reliably predicted; and
- (b) Net Assets – this method needs to be considered when an entity invests in another entity that does not generate significant non-government cash inflows or those cash flows cannot be reliably predicted.

A review of all administered investments is performed on an annual basis to ensure the appropriate valuation method is used.

Administered investments, other than those held for sale, are classified as 'available for sale' and are measured at their fair value as at 30 June 2018. Apart from the Australian Postal Corporation, fair value has been taken to be the Australian Government's proportional interest in the net assets of the entities as at end of reporting period.

Australian Postal Corporation fair value estimates are based on a Discounted Cash Flow valuation calculated using cash flow forecasts extracted from the Australia Post Corporate Plan 2018-19 to 2021-22. The forecasts use management estimates to determine volume and price growth rates, and the weighted average cost of capital. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial position reported in future periods.

In accordance with AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 13 *Fair Value Measurement*, the Department has determined that the appropriate valuation method for the investment in NBN Co as at 30 June 2018 is the net assets approach. NBN Co is still in the build phase of construction and exhibits a degree of variability in forecast cash flows, making a Discounted Cash Flow (DCF) valuation unreliable at this time. The reliability of the DCF valuation method will be reconsidered each year as the company moves to operating in an environment of more predictable cash flows.

	2018	2017
	\$'000	\$'000
4.1D: Other Financial Assets		
Assets forfeited under the <i>Protection of Movable Cultural Heritage Act 1996</i> ¹	19	20
Total other financial assets	19	20

¹Items forfeited to the Commonwealth under subsection 14(1) of the *Protection of Movable Cultural Heritage Act 1996*.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4.2 Administered – Non-Financial Assets**4.2A: Reconciliation of the Opening and Closing Balances of Buildings, Property, Plant and Equipment for 2018**

	Buildings \$'000	Property plant and equipment \$'000	Total \$'000
As at 1 July 2017			
Gross book value	60,993	158,162	219,155
Accumulated depreciation, amortisation and impairment	(2,883)	(2,027)	(4,910)
Total as at 1 July 2017	58,110	156,135	214,245
Additions			
Purchase	1,636	-	1,636
Revaluations recognised in other comprehensive income	-	(88)	(88)
Revaluations recognised in comprehensive income	(1,582)	-	(1,582)
Depreciation and amortisation	(1,787)	(8,035)	(9,822)
Total as at 30 June 2018	56,377	148,012	204,389
Total as at 30 June 2018 represented by			
Gross book value	56,377	148,012	204,389
Accumulated depreciation, amortisation and impairment	-	-	-
Total as at 30 June 2018	56,377	148,012	204,389

No indicators of impairment were found for property, plant and equipment.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

All revaluations were conducted in accordance with the revaluation policy stated at Note 7.5. An independent valuer conducted the revaluations as at 30 June 2018 for Property, plant and equipment and buildings.

Revaluation decrements of \$87,961 for property, plant and equipment (2017: \$1,411,000) were debited to the asset revaluation reserve and included in the Statement of Other Comprehensive Income; building decrements of \$1,582,048 were expensed (2017: nil).

Contractual commitments for the acquisition of property, plant, equipment assets for 2018

	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
Buildings	1,769	5,319	-
Property plant and equipment	-	-	-
Total capital commitments	1,769	5,319	-

Contractual commitments for the acquisition of property, plant, equipment assets for 2017

	Within 1 year \$'000	Between 1 to 5 years \$'000	More than 5 years \$'000
Buildings	1,797	7,087	-
Property plant and equipment	-	-	-
Total capital commitments	1,797	7,087	-

The above commitment amounts are GST inclusive.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2018 \$'000	2017 \$'000
4.2B: Other Non-Financial Assets		
Other prepayments	2,917	2,875
Total other non-financial assets	2,917	2,875

4.3 Administered - Payables

	2018 \$'000	2017 \$'000
4.3A: Suppliers		
Trade creditors and accruals	340,653	335,349
Total suppliers	340,653	335,349

Settlement is usually made within 30 days.

4.3B: Grants

Australian Government entities	323	982
State and Territory Governments	-	36
Local Governments	53	159
Non-profit organisations	197	1,546
Commercial entities	29,059	36,729
Total grants	29,632	39,452

All grant payables are expected to be settled in no more than 12 months. Settlement is usually made according to the terms and conditions of each grant within 30 days of performance or eligibility.

4.3C: Other Payables

GST payable to the Official Public Account	5,643	6,455
Lease income received in advance ¹	12,876	14,405
Classification income received in advance	523	496
Forfeited assets ²	19	20
Total other payables	19,061	21,376

¹Lease income received in advance relates to the indefeasible rights of use (IRUs) issued by the Commonwealth in relation to the network infrastructure assets. As part of the arrangement for the construction of assets and the issue of IRUs, the Commonwealth has provided a lease incentive to the contractor in the form of a reduction of lease payments that would otherwise be payable to the Commonwealth for the IRUs. The lease incentive was recognised as a lease prepayment and lease income received in advance.

²Items forfeited to the Commonwealth under subsection 14(1) of the *Protection of Movable Cultural Heritage Act 1996*.

4.4 Administered – Provisions

4.4A: Other Provisions	Provision for grants \$'000	Total \$'000
As at 1st July 2017	-	-
New provisions made	1,173	1,173
Amounts used	-	-
Amounts reversed	-	-
Total as at 30 June 2018	1,173	1,173

Department of Communications and the Arts NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5. Funding 5.1 Appropriations

This section identifies the Department of Communications and the Arts funding structure.

5.1A: Annual Appropriations (Recoverable GST exclusive)¹

Annual Appropriations for 2018					
	Annual appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	104,179	11,030	115,209	116,145	(936)
Capital budget ⁴	3,558	-	3,558	5,551	(1,993)
Other services	-	-	-	-	-
Equity injections	-	-	-	-	-
Total departmental	107,737	11,030	118,767	121,696	(2,929)
Administered					
Ordinary annual services	450,885	-	450,885	426,060	24,825
Administered items	1,636	-	1,636	1,636	-
Capital budget ⁴	1,762,898	-	1,762,898	1,762,898	-
Payments to corporate Commonwealth entities	-	-	-	-	-
Other services	9,158,817	-	9,158,817	7,495,825	1,662,992
Administered assets and liabilities	40,601	-	40,601	40,601	-
Payments to corporate Commonwealth entities	-	-	-	-	-
Total administered	11,414,837	-	11,414,837	9,727,020	1,687,817

¹ Administered Appropriation Act (No. 1) 2017-18 of \$14,035,000 was withheld (Section 51 of the PGPA Act) on 26 June 2018 and quarantined for administrative purposes.

² Departmental adjustments are PGPA Act Section 74 receipts.

³ Departmental variances relate to prior year funds expended in the current year. Administered variances relate to funds required to cover accruals, and the assets and liabilities variance relates to funding not required by NBN Co Limited in 2017-18 due to revised expenditure forecasts that reflect changes in the deployment profile and other payments.

⁴ Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No. 1.3.5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Annual Appropriations for 2017					
	Annual appropriation ¹ \$'000	Adjustments to appropriation ² \$'000	Total appropriation \$'000	Appropriation applied in 2017 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	108,851	6,261	115,112	116,356	(1,244)
Capital budget ⁴	3,579	-	3,579	4,341	(762)
Other services					
Equity injections	150	-	150	-	150
Total departmental	112,580	6,261	118,841	120,697	(1,856)
Administered					
Ordinary annual services					
Administered items	456,723	-	456,723	393,449	63,274
Capital budget ⁴	1,649	-	1,649	1,649	-
Payments to corporate Commonwealth entities	1,735,754	-	1,735,754	1,735,754	-
Other services					
Administered assets and liabilities	8,325,647	-	8,325,647	7,190,000	1,135,647
Administered assets and liabilities payments to corporate Commonwealth entities	90	-	90	90	-
Commonwealth entities	34,656	-	34,656	34,656	-
Payments to corporate Commonwealth entities					
Total administered	10,554,519	-	10,554,519	9,355,598	1,198,921

¹ In 2016-17, the Administered amounts of \$35,911,000 and \$500,000 (annual appropriations) have been permanently withheld under section 51 determination of the PGPA Act for approved movement of funds.

² PGPA Act section 74 Receipts

³ The Departmental variance relates to draw down of prior year funds to cover prior year creditors and the Administered ordinary annual services variance relates to funding required for current year creditors and the assets and liabilities variance relates to funding for NBN Co that was not required in 2016-17.

⁴ Departmental and Administered Capital Budgets are appropriated through Appropriations Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the Appropriations Acts.

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2018 \$'000	2017 \$'000
Departmental		
Cash on hand or on deposit	972	667
Appropriation Act (No.1) 2017-2018	15,571	-
Supply Act (No.1) 2017-2018 (Capital Budget - DCB)	1,177	-
Appropriation Act (No.1) 2016-2017	-	10,980
Appropriation Act (No.1) 2016-2017 (Capital Budget - DCB)	-	1,679
Supply Act (No.1) 2016-2017 (Capital Budget - DCB)	-	1,491
Appropriation Act (No.2) 2016-2017	150	150
Appropriation Act (No.3) 2016-2017	868	4,993
Appropriation Act (No.1) 2015-2016	-	200
Appropriation Act (No.3) 2015-2016	-	1,202
Appropriation Act (No.1) 2012-2013 ¹	-	211
Appropriation Act (No.3) 2012-2013 ¹	-	468
Total departmental	18,738	22,041
Administered		
Appropriation Act (No.1) 2017-2018	49,813	-
Appropriation Act (No.3) 2017-2018	2,041	-
Appropriation Act (No.2) 2017-2018	3,252,992	-
Appropriation Act (No.1) 2016-2017 ²	12,927	39,368
Appropriation Act (No.3) 2016-2017	928	928
Appropriation Act (No.2) 2016-2017	444,555	2,034,555
Appropriation Act (No.1) 2015-2016 ²	545	867
Appropriation Act (No.3) 2015-2016	697	964
Appropriation Act (No.1) 2014-2015 ³	-	5,771
Appropriation Act (No.1) 2013-2014 ³	-	642
Appropriation Act (No.1) 2012-2013 ³	-	7,981
Total Administered	3,764,498	2,091,076

¹Departmental 2012-13 Appropriation Acts were repealed on 28 June 2018.

²Administered appropriations have been permanently withheld under section 51 of the PGPA Act amounting to \$36,411,000 (2016-17) and \$242,000 (2015-16) for an approved movement of funds and \$242,000 (2015-16) for unspent appropriation no longer required.

³Administered Appropriation Acts were repealed for 2014-15 on 1 July 2017 and 2013-14 and 2012-13 on 28 June 2018.

5.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Appropriation applied	
	2018 \$'000	2017 \$'000
<i>Telstra Corporation Act 1991, section 8BA(3).</i>		
Nature: Administered (Unlimited Amount)	-	-
<i>Public Governance, Performance and Accountability Act 2013, section 77.</i>		
Nature: Administered (Refund Provisions)	70	51
<i>Classification (Publications, Films and Computer Games) Act 1995.</i>		
Nature: Administered	-	-
Total special appropriations applied	70	51

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.2 Special Accounts

5.2A: Special Accounts ('Recoverable GST exclusive')

	Art Rental Special Account 2016 ¹		Public Interest Telecommunications Special Account ²		Cultural Special Account ³		Indigenous Repatriation Special Account 2016 ⁴		National Cultural Heritage Special Account ⁵	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	986	900	26,711	35,952	203	374	1,542	-	-	448
Increases										
Departmental										
Balance transferred	-	-	-	-	-	-	-	1,741	-	-
Appropriation credited to special account	1,350	400	4,007	4,002	135	-	800	-	-	-
Receipts	4,192	3,862	-	-	610	355	992	649	-	-
Total departmental	5,542	4,262	4,007	4,002	745	355	1,792	2,390	-	-
Administered										
Transferred through restructuring	-	-	-	-	-	-	-	-	-	-
Contribution received	-	-	786	933	-	-	-	-	500	52
Telecommunication Industry Levy receipts	-	-	227,220	217,744	-	-	-	-	-	-
Appropriation credited to special account	-	-	95,993	95,998	-	-	-	-	-	-
Total administered	-	-	323,999	314,675	-	-	-	-	500	52
Total increases	5,542	4,262	328,006	318,677	745	355	1,792	2,390	500	52
Available for payments	6,528	5,162	354,717	354,629	948	729	3,334	2,390	500	500
Decreases										
Departmental										
Payments made	(5,803)	(4,176)	(3,221)	(3,069)	(568)	(526)	(745)	(848)	-	-
Contribution made	-	-	(786)	(933)	-	-	-	-	-	-
Balance transferred	-	-	-	-	-	-	-	-	-	-
Total departmental	(5,803)	(4,176)	(4,007)	(4,002)	(568)	(526)	(745)	(848)	-	-
Administered										
Payments made	-	-	(350,666)	(323,916)	-	-	-	-	(497)	(500)
Total administered	-	-	(350,666)	(323,916)	-	-	-	-	(497)	(500)
Total decreases	(5,803)	(4,176)	(354,673)	(327,918)	(568)	(526)	(745)	(848)	(497)	(500)
Total balance carried to the next period	725	986	44	26,711	380	203	2,589	1,542	3	-
Balance represented by:										
Cash held in entity bank accounts	240	171	-	-	-	-	-	-	-	-
Cash held in the Official Public Account	485	815	44	26,711	380	203	2,589	1,542	3	-
Total balance carried to the next period	725	986	44	26,711	380	203	2,589	1,542	3	-

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

¹Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78.

Establishing Instrument: *PGPA Act Determination (Art Rental Special Account 2016)*.

Purpose: Amounts may be debited from the special account to:

- a. acquire, deaccession, lease, promote, develop, exhibit, lend, conserve and undertake any other activities in relation to managing an art rental collection for the Commonwealth;
- b. activities that are incidental to the purposes mentioned in paragraph (a);
- c. to reduce the balance of the special account without making a real or notional payment; and
- d. to repay, as required by law, amounts that have been credited to the special account.

²Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing Instrument: *Telecommunications (Consumer Protection and Service Standards) Act 1999*, Division 5, section 37.

Purpose: Support the delivery of Universal Service Obligation, National Relay Service and other public interest telecommunications services for all Australians.

The Australian Communications and Media Authority collects a levy imposed on carriers under the *Telecommunications (Industry Levy) Act 2012* and the *Telecommunications (Consumer Protection and Service Standards) Act 1999*. These levy receipts are credited to the special account, and along with Government funding, are used to pay contractors and grant recipients and to contribute to administrative costs.

³Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 78.

Establishing Instrument: *Financial Management and Accountability (Establishment of Cultural Special Account) Determination 2011/18*.

Purpose: Supporting the performance or administration of cultural activities.

⁴Appropriation: *Public Governance, Performance and Accountability Act 2013* section 78.

Establishing Instrument: *PGPA Act Determination (Indigenous Repatriation Special Account 2016)*.

Purpose: Developing and conducting projects, programs and strategies associated with the repatriation of Indigenous ancestral remains and secret sacred objects.

⁵Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80.

Establishing Instrument: *Protection of Moveable Cultural Heritage Act 1986*, section 25.

Purpose: Amounts standing to the credit of the National Cultural Heritage Account may be expended for the purpose of facilitating the acquisition of the Australian protected objects for display or self-keeping. This account is non-interest bearing and the balance is held in the Official Public Account.

The Department has a BAF Communications Portfolio Special Account as a part of the *Nations Building Funds Act 2008*. The account was established under section 80 of the *Public Governance, Performance and Accountability Act 2013*. Purpose: To make payments in relation to the creation or development of communications infrastructure; and eligible national broadband network matters. For the year ended 30 June 2018, the account had a nil balance and there were no transactions debited or credited to it during the current or prior reporting period.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5.3 Regulatory Charging Summary

	2018	2017
	\$'000	\$'000
Amounts applied		
Departmental		
Annual appropriations	6,424	6,691
Special appropriations (including special accounts)	-	-
Own source revenue	26	70
Administered		
Annual appropriations	-	-
Special appropriations (including special accounts)	-	-
Total amounts applied	6,450	6,761
Expenses		
Departmental	6,450	6,761
Administered	-	-
Total expenses	6,450	6,761
External revenue		
Departmental	26	70
Administered	3,702	4,294
Total external revenue	3,728	4,364
Amounts written off		
Departmental	-	-
Administered	-	-
Total amounts written off	-	-

Regulatory charging activities:

Classification Fees: Before every film, computer game and certain publications can be legally made available to the Australian public by means of sale, exhibition or commercial distribution they must be classified (with limited exceptions). A valid classification application is to be accompanied with the prescribed fee before any classification decision can be made. *The Classification (Publications, Films and Computer Games) Act 1995* and the Classification (Publications, Films and Computer Games) Regulations 2005 are the enabling legislation.

Cost Recovery Implementation Statement for the above activity is available at
<http://www.classification.gov.au/About/Pages/Legislation.aspx>.

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6. People and Relationships

6.1 Employee Provisions

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

	2018	2017
	\$'000	\$'000
6.1: Employee Provisions		
Leave	25,011	23,494
Separations and redundancies	-	162
Total employee provisions	25,011	23,656

Accounting policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by using the Department of Finance's Short Hand Method as at 30 June 2018, as outlined in the Financial Reporting Rule. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

The entity's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The entity makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The entity accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

6.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Department, directly or indirectly including any director (whether executive or otherwise) of the Department. The Department has determined the key management personnel to be the members of the Executive Leadership Team, comprising the Secretary, Deputy Secretaries, First Assistant Secretaries and the Chief Risk Officer. Key management personnel remuneration is reported in the table below:

	2018	2017
	\$'000	\$'000
Short-term employee benefits	3,232	3,041
Post-employment benefits	520	510
Other long-term employee benefits	296	305
Termination benefits	221	21
Total key management personnel remuneration expenses¹	4,269	3,877

The total number of key management personnel included in the above table is 20 individuals (2017: 14 individuals).

¹The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Ministers. The Portfolio Ministers remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Department.

6.3 Related Party Disclosures**Related party relationships:**

The Department is an Australian Government controlled entity. Related parties to this Department are Key Management Personnel including the Portfolio Minister and Executive, and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the Department, it has been determined that there are no related party transactions to be separately disclosed.

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7. Managing Uncertainties

7.1 Contingent Assets and Liabilities

This section analyses how the Department of Communications and the Arts manages financial risks within its operating environment.

7.1A: Departmental Contingent Assets and Liabilities

Quantifiable Contingencies

There are no significant quantifiable contingencies as at 30 June 2018.

Unquantifiable Contingencies

There are no significant unquantifiable contingencies as at 30 June 2018.

Significant Remote Contingencies

Operating Leases and Car Parking Licences

The Commonwealth indemnifies third parties against loss in relation to operating leases for accommodation, storage and some car parking. The Commonwealth also indemnifies some third parties against loss in relation to car parking facilities acquired under car parking licence agreements. As at 30 June 2018, no claims have been made.

Westpac Banking Corporation

The Commonwealth indemnifies Westpac Banking Corporation against loss reasonably incurred in relation to Departmental banking functions. In June 2013, the Department entered into a new banking contract with Westpac that provided for an indemnity capped at \$50 million per occurrence. The previous contract provided for an indemnity capped at \$25 million per occurrence. As at 30 June 2018, no claims have been made.

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Indemnities

The maximum amounts payable under the indemnities given is disclosed above. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.1B: Administered – Contingent Assets and Liabilities**Quantifiable Administered Contingencies**

As at 30 June 2018, the Australian Government did not have any quantifiable contingencies (2017: nil).

Unquantifiable Administered Contingencies*NBN Co Limited (NBN Co) Board Members Insolvency Indemnity*

The Australian Government has provided Directors of NBN Co with an indemnity against liability as a result of the Government failing to meet its funding obligations to NBN Co. The liabilities covered by this indemnity would be no greater than those covered by the NBN Co Equity Agreement, with the exception of any legal expenses incurred by individual Directors arising from this indemnity.

Significant Remote Administered Contingencies*Telstra Financial Guarantee*

The Australian Government has provided to Telstra Corporation Limited (Telstra) a Guarantee in respect of NBN Co financial obligations under the Definitive Agreements. The Agreements were amended on 14 December 2014. The Guarantee was not amended at that time and it continues in force in accordance with its terms in respect of the amended Definitive Agreements. The liabilities under the Definitive Agreements between Telstra and NBN Co arise progressively during the roll-out of the National Broadband Network as Telstra's infrastructure is accessed and Telstra's customers are disconnected from its copper and Hybrid Fibre Coaxial cable networks. The Australian Government is only liable in the event NBN Co does not pay an amount when due under the Definitive Agreements. As at 30 June 2018, NBN Co had generated liabilities covered by the Guarantee estimated at \$7.9 billion. The Guarantee will terminate when NBN Co achieves specified credit ratings for a period of two continuous years and either:

- the company is capitalised by the Commonwealth to the agreed amount; or
- the Communications Minister declares, under the *National Broadband Network Companies Act 2011*, that, in his or her opinion, the National Broadband Network should be treated as built and fully operational.

Optus Financial Guarantee

The Australian Government has provided a Guarantee in respect of the NBN Co financial obligations to Optus Networks Pty Ltd, Optus Internet Pty Ltd, Optus Vision Media Pty Ltd and SingTel Optus Pty Ltd (collectively, Optus) under the Optus HFC Subscriber Agreement. The Agreement was amended on 19 September 2015. The Agreement extends for the period of the National Broadband Network roll-out in Optus Hybrid Fibre Coaxial areas. The Australian Government is only liable in the event NBN Co does not pay an amount when due under the Optus Agreement. As at 30 June 2018, NBN Co had generated liabilities covered by the Optus Agreement, which are estimated at an amount lower than \$100 million. There is a low risk that a claim would be made under the Guarantee. The Guarantee will terminate in 2021.

Equity Funding Agreement

The Australian Government has entered into an Equity Funding Agreement with NBN Co. The Agreement formalised the Australian Government's intent to provide equity to fund the roll-out of the National Broadband Network, with such funding being conditional on the annual appropriation processes. In addition, it commits the Australian Government, in the event of a termination of the National Broadband Network roll-out, to provide sufficient funds to NBN Co to meet its costs arising from that termination. All equity commitments under this Agreement have been met by the Commonwealth. As at 30 June 2018, NBN Co's termination liabilities were estimated at \$18.1 billion.

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.2 Financial Instruments		
	2018	2017
	\$'000	\$'000
7.2A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	4,666	3,398
Goods and services receivable	2,147	1,152
Other receivables	847	10
Total loans and receivables	7,660	4,560
Total financial assets	7,660	4,560
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers	3,794	2,801
Grants payable	176	77
Other payables	1,747	841
Total financial liabilities measured at amortised cost	5,717	3,719
Total financial liabilities	5,717	3,719

The Department had no gains or losses on financial assets or financial liabilities in either the current or prior year.

Department of Communications and the Arts**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Accounting Policy****Financial assets**

The entity classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) available-for-sale financial assets; and
- c) loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in reserves (equity) with the exception of impairment losses. Interest is calculated using the effective interest method and foreign exchange gains and losses on monetary assets are recognised directly in profit or loss. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in surplus and deficit for the period.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

Available for sale financial assets - if there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.

Financial assets held at cost - if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

Financial liabilities

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.3 Administered – Financial Instruments

	2018 \$'000	2017 \$'000		
7.3A: Categories of Financial Instruments				
Financial Assets				
Loans and receivables				
Cash on hand or on deposit	47	26,711		
Loans to corporate Commonwealth entities				
Australian Broadcasting Corporation	49,021	68,180		
NBN Co Limited	5,531,000	-		
Grants	264	256		
Other	1	122		
Total loans and receivables	5,580,333	95,269		
Available for sale financial assets				
Other investments	26,448,077	29,293,211		
Total available for sale financial assets	26,448,077	29,293,211		
Total financial assets	32,028,410	29,388,480		
Financial Liabilities				
Financial liabilities measured at amortised cost				
Suppliers	340,653	335,349		
Grants	29,632	39,452		
Total financial liabilities measured at amortised cost	370,285	374,801		
Total financial liabilities	370,285	374,801		
7.3B: Net Gains and Losses on Financial Assets				
Loan and receivables				
Interest revenue	71,862	2,560		
Net gains on loans and receivables	71,862	2,560		
Available for sale financial assets				
Australia Post dividend	78,472	50,100		
Losses recognised in equity	(4,915,290)	(3,993,587)		
Net gains (losses) on available for sale financial assets	(4,836,818)	(3,943,487)		
Net gains (losses) on financial assets	(4,764,956)	(3,940,927)		
7.3C: Fair Value of Financial Instruments				
	Carrying amount 2018 \$'000	Fair value 2018 \$'000	Carrying amount 2017 \$'000	Fair value 2017 \$'000
Financial Assets				
Cash and cash equivalents	47	47	26,711	26,711
Loans to corporate Commonwealth entities				
Australian Broadcasting Corporation	49,021	49,669	68,180	69,865
NBN Co Limited	5,531,000	5,531,000	-	-
Available for sale financial assets				
Other investments	26,448,077	26,448,077	29,293,211	29,293,211
Total financial assets	32,028,145	32,028,793	29,388,102	29,389,787
Financial Liabilities				
Suppliers	340,653	340,653	335,349	335,349
Grants	29,632	29,632	39,452	39,452
Total financial liabilities	370,285	370,285	374,801	374,801

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.3D: Credit Risk

The administered activities of the Department were not exposed to a high level of credit risk as the majority of financial assets are trade receivables, loans to Government controlled and funded entities and investment in Portfolio Agencies. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. The carrying amount of financial assets, net of impairment losses, reported in the Administered schedule of assets and liabilities represents the maximum exposure to credit risk as \$5,580 million (2017:\$68 million).

Credit risk is managed by undertaking background and credit checks prior to allowing a debtor relationship. In addition, there are policies and procedures that guide debt recovery techniques that are to be applied. The Department has assessed the risk of the default on payment and has not allocated an amount to an impairment allowance in 2018 (2017: Nil).

Loans to Government controlled and funded entities – the loan to NBN Co Limited is monitored between origination and maturity through a series of oversight arrangements that assess the short and long-term financial performance of NBN Co Limited. This considers changes in the borrower's earnings, expenditure and market position. Our assessment of the security for the loan recognises that NBN Co Limited is a wholly-owned Government Business Enterprise. The net assets of NBN Co Limited before deduction of the loan payable as at 30 June 2018 is \$18.878 billion which is greater than the current credit exposure of \$5.531 billion.

A financial asset impairment is applied where objective evidence of impairment exists as a result of an event of loss that has occurred after the initial recognition of the asset and where that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The Department has assessed the loan receivable from NBN Co Limited for impairment and has not allocated an amount to an impairment allowance in 2018.

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2018 \$'000	Not Past Due Nor Impaired 2017 \$'000	Past Due or Impaired 2018 \$'000	Past Due or Impaired 2017 \$'000
Loans and receivables				
Loans to corporate Commonwealth entities				
Australian Broadcasting Corporation	49,021	68,180	-	-
NBN Co Limited	5,531,000	-	-	-
Receivables - other	-	-	1	122
Available for sale financial assets				
Other Investments	26,448,077	29,293,211	-	-
Total	32,028,098	29,361,391	1	122

Ageing of financial assets that were past due but not impaired for 2018

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Loans to corporate Commonwealth entities	-	-	-	-	-
Receivables - other	-	-	-	-	-
Total	-	-	-	-	-

Ageing of financial assets that were past due but not impaired for 2017

	0 to 30 days \$'000	31 to 60 days \$'000	61 to 90 days \$'000	90+ days \$'000	Total \$'000
Loans and receivables					
Loans to corporate Commonwealth entities	-	-	-	-	-
Receivables - other	-	-	-	115	115
Total	-	-	-	115	115

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.3E: Liquidity Risk

The Administered financial liabilities are trade creditors and grants payable. The exposure to liquidity risk is based on the notion that the Commonwealth will encounter difficulty in meeting its obligations associated with Administered financial liabilities. This is highly unlikely due to appropriation funding and mechanisms, internal policies and procedures that are currently in place.

All financial liabilities are payable within one year.

7.3F: Market Risk

Currency risk

Other than Administered Investments the Commonwealth holds basic financial instruments that do not expose the Commonwealth to certain market risks. The Department's Administered activities are not exposed to 'currency risk' and 'other price risk'.

Interest rate risk

'Interest rate risk' refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The only interest bearing item in the closing Administered schedule of assets and liabilities is 'loans receivable'. These items have fixed interest and will, therefore, not fluctuate due to changes in the market interest rate. As the NBN Co Limited loan is a fixed interest only loan there is no inherent interest rate risk.

Other price risk

The Department's administered activities are not exposed to 'Other Price Risk'. The administered investments are not traded on the Australian Stock Exchange. The Department does not hold any other financial instruments that would be exposed to price risk.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.4 Fair Value Measurement**Accounting Policy**

The Department engaged the service of JLL Pty Ltd (JLL) to conduct a comprehensive valuation of all non-financial assets with the exception of Artbank's artwork collection (Heritage and Cultural asset class) as at 30 June 2018. Valuations are conducted with sufficient frequency to ensure that the carrying amount of the assets do not materially differ from the fair value. A desktop materiality review of the artwork was conducted as at 30 June 2018 and the outcomes were relied upon to assess the fair value measurement for this asset class.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical Depreciation and Obsolescence - Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account the physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all Leasehold Improvement assets, the consumed economic benefit/asset obsolescence deduction is determined based on the term of the associated lease.

The Department's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

7.4A: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2018 \$'000	2017 \$'000
Non-financial assets¹		
Heritage and cultural ²	35,734	36,420
Plant and equipment ²	8,018	4,306
Buildings ²	13,843	3,457
Total non-financial assets	57,595	44,183

¹The Department's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial assets is considered their highest and best use.

²No non-financial assets were measured at fair value on a non-recurring basis as at 30 June 2018 (2017: Nil)

The remaining assets and liabilities reported by the Department are not measured at fair value in the Statement of Financial Position.

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.5 Administered – Fair Value Measurements

The following table provides an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

The different levels of fair value hierarchy are defined below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Department can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Accounting Policy

Fair values for Regional Backbone Blackspots Program (RBBP) network infrastructure assets under property, plant and equipment are determined based on the depreciated replacement cost method. The method is calculated for each individual part of the asset using a price per unit adjusted for inflation, a quantity of each component and a location factor before being aggregated to form the values for each identified component of the assets. Components include fibre optic cable, Control Environment Vault Shelters and Backbone Point of Interconnect cabinets. There has been no change in the valuation technique for the RBBP network infrastructure assets.

The Department procured the service of the JLL Pty Ltd (JLL) to undertake a valuation of all non-financial assets (excluding the RBBP) at 30 June 2018, which includes the Administered National Institute of Dramatic Arts Building. The Department tests the procedures of the valuation model as an internal management review at least once every 12 months (with a formal revaluation undertaken once every three years). If a particular asset class experiences significant or volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation.

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.5A: Fair Value Measurements

Fair value measurements at the end of the reporting period ¹				Valuation Technique(s) and Inputs Used
	2018 \$'000	2017 \$'000	Category (Level 1, 2 or 3) ²	
Financial assets⁵				
Receivables – loans to corporate Commonwealth entities: Australian Broadcasting Corporation ³	49,669	69,865	2	Discounted cash flow (DCF): Future principal, interest cash flows and market rate interest.
NBN Co Limited	5,531,000	-	2	Amortised cost basis using the effective interest rate method.
Available for sale financial assets⁶				
Australian Broadcasting Corporation	1,033,352	1,104,569	3	Net asset balance
Special Broadcasting Service Corporation	215,544	207,469	3	Net asset balance
Australia Council	14,340	18,410	3	Net asset balance
Australian Film, Television and Radio School	11,122	11,096	3	Net asset balance
Australian National Maritime Museum	256,668	250,355	3	Net asset balance
National Film and Sound Archive of Australia	292,051	296,914	3	Net asset balance
National Gallery of Australia	6,314,864	6,299,243	3	Net asset balance
National Library of Australia	1,691,970	1,686,881	3	Net asset balance
National Museum of Australia	471,444	473,470	3	Net asset balance
National Portrait Gallery of Australia	143,798	143,353	3	Net asset balance
Screen Australia	17,743	17,716	3	Net asset balance
Old Parliament House	93,924	91,272	3	Net asset balance
Burdonson Trust	58,729	51,059	3	Net asset balance
Creative Partnerships Australia	2,922	2,519	3	Net asset balance
NBN Co Limited	13,247,377	16,024,895	3	Administered investment valuation in the NBN Co Limited is based on its net assets balance with the property, plant and equipment adjusted for fair value and the discounting of leave and superannuation liabilities adjusted by applying the Government bond rate.
Australian Postal Corporation ⁴	2,582,229	2,614,000	3	Administered investment valuation is based on discounted cash flow (DCF): Volume and price growth rates, and Weighted Average Cost of Capital (WACC).
Total financial assets	32,028,746	29,363,076		
				Volume & Price Growth Rates Range
				0.2% an increase of approximately \$195 million
				(0.2)% a decrease of approximately \$182 million
				Weighted Average Cost of Capital Range
				1.0% a decrease of approximately \$452 million
				(0.3)% an increase of approximately \$187 million

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Non-financial assets²				
Buildings	58,377	58,110	3	Depreciated Replacement Cost (DRC): Current Cost per square metre of floor area relevant to the location asset. Physical depreciation and obsolescence has been determined based on the term of the associated nominal lease.
Property, plant and equipment	148,012	156,135	3	Depreciated Replacement Cost (DRC)
Replacement cost per unit for the following asset components:				
		Asset Component	Range (\$'000)	
		- Fibre optic cable (per km)	\$5.53 - \$12.87 (\$6.89)	(Weighted Average)
		- Controlled environment vault shelters (per section)	\$353.33 - \$685.00 (\$410.22)	
		- Transmission Equipment (per section)	\$700.00 - \$1,125.00 (\$777.83)	
		- Bpod cabinets (per cabinet)	\$19.86 - \$154.76 (\$117.51)	
		<i>Other inputs</i>		
		Input	Range (Weighted Average)	
		- Remaining useful life (in years)	8 - 24 (20)	
		- Inflation factor	1.00 - 1.30 (1.16)	
		- Installation cost (per section of network)	\$542.36 - \$1,275.05 (\$632.09)	
		- Installation cost (per cabinet)	\$41.14 - \$177.14 (\$124.70)	
		<i>Sensitivity of the fair value measurement to change in unobservable inputs.</i>		
		<i>The estimated fair value would increase (decrease) if:</i>		
		• the replacement cost per unit for the asset components was higher (lower);		
		• the rate of inflation was higher (lower);		
		• the useful life of the asset components was longer (shorter); and/or		
		• the installation cost per component was higher (lower).		
Total non-financial assets	204,389	214,245		
Total assets	32,233,135	29,577,321		

¹The Department did not measure any non-financial assets at fair value on a non-recurring basis as at 30 June.

²Significant Level 3 inputs utilised by the Department are derived and evaluated as follows: assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit/asset obsolescence (accumulated depreciation). Consumed economic benefit/asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

³The Discounted Cash Flow (DCF) method, is appropriate when it results in a measurement that is more representative of fair value. Per AASB13.B10 when using an income approach, fair value reflects current market expectations about the future amounts.

⁴Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category. The weighted average is determined by assessing the fair value measurement as a proportion of the total fair value for the class against the total useful life of each asset.

⁵The current use of all non-financial assets is considered their highest and best use.

⁶Administered investments valuations are based on the audited net asset balance with the exception of the Australian Postal Corporation and NBN Co Limited, refer Note 4.1C.

- Australia Post is based on the discounted cash flow methodology.
- NBN Co Limited is based on the audited net asset balance adjusted for fair value of property, plant and equipment and discounting leave and superannuation liabilities adjusted by applying the Government bond rate.

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7.5B: Reconciliation for Recurring Level 3 Fair Value

Measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Financial assets		Non-financial assets		Total	
	Administered Investments		Building		Property, plant and equipment	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
As at 1 July¹	29,293,211	25,991,972	58,110	58,207	156,135	165,655
Revaluation (decrements)/increments recognised in other comprehensive income	(4,915,290)	(3,993,587)	-	-	(88)	(1,411)
Restructure	-	93,468	-	-	-	-
Equity injections	2,075,156	7,224,746	1,636	1,649	-	-
Returns to the Consolidated Revenue Fund (CRF)	(5,000)	(23,388)	-	-	-	-
Depreciation	-	-	(1,787)	(1,746)	(8,035)	(8,109)
Other ²	-	-	(1,582)	-	-	-
Total as at 30 June³	26,448,077	29,293,211	56,377	58,110	148,012	156,135
					26,652,466	29,507,456

¹ Opening balance as determined in accordance with AASB 13.

² Included in the other movement for buildings is a revaluation decrement.

³ Additional details in Note 4.2A.

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8. Other Information

8.1 Restructuring

There were no Departmental restructures for 2018 (2017: nil).

8.1A: Administered Restructuring

	2018	2017
		Old Parliament House¹
	\$'000	\$'000
FUNCTIONS ASSUMED		
Assets recognised		
Investments	-	93,468
Total assets recognised	-	93,468
Net assets assumed²	-	93,468

¹Old Parliament House was converted from a Non-Corporate Commonwealth Entity to a Corporate Commonwealth Entity by way of the Public Governance, Performance and Accountability (Establishing Old Parliament House) Rule 2016, effective 1 July 2016.

²The net assets/(liabilities) assumed from all entities were Nil (2017: \$93,468,000).

In respect of functions assumed/relinquished, the net book values of assets and liabilities were transferred for no consideration.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.2 Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2017-18 Portfolio Budget Statements to the 2017-18 final financial outcome as presented in accordance with Australian Accounting Standards for the Department. The Budget is not audited and does not reflect additional estimates provided in the 2017-18 Portfolio Additional Estimates Statements. Explanations are provided for significant variances between actual results and the original budget, being the Portfolio Budget Statements. Significant variances are those relevant to the performance of the Department and are typically those greater than \$5 million (Departmental), \$20 million (Administered) and greater than five percent.

8.2A: Departmental Budgetary Reports

Statement of Comprehensive Income
for the period ended 30 June 2018

	Budget estimate		
	Actual	Original	Variance
	2018	2018	2018
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	71,021	71,160	(139)
Suppliers	38,113	35,897	2,216
Grants ¹	4,384	1,736	2,648
Depreciation and amortisation	3,935	5,021	(1,086)
Finance costs	19	62	(43)
Write-down and impairment of assets	-	-	-
Losses from sale of assets ²	6,246	-	6,246
Other expenses	836	-	836
Total expenses	124,554	113,876	10,678
Own-Source Income			
Own-source revenue			
Sales of goods and rendering of services ³	3,788	95	3,693
Rental income	1,886	-	1,886
Other revenue ³	1,669	4,964	(3,295)
Total own-source revenue	7,343	5,059	2,284
Gains			
Other gains ²	18,675	485	18,190
Total gains	18,675	485	18,190
Total own-source income	26,018	5,544	20,474
Net cost of services	(98,536)	(108,332)	9,796
Revenue from Government	104,179	103,311	868
Surplus (Deficit) before income tax on continuing operations	5,643	(5,021)	10,664
Surplus (Deficit) after income tax on continuing operations	5,643	(5,021)	10,664
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	(392)	-	(392)
Total other comprehensive income	(392)	-	(392)
Total comprehensive income (loss)	5,251	(5,021)	10,272

The above statement should be read in conjunction with note 8.2B

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Statement of Financial Position
as at 30 June 2018

	Actual	Budget Estimate	
		Original	Variance
	2018	2018	2018
	\$'000	\$'000	\$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	4,666	1,685	2,981
Trade and other receivables	21,195	22,372	(1,177)
Total financial assets	25,861	24,057	1,804
Non-Financial Assets			
Buildings ²	13,843	4,105	9,738
Property, plant and equipment ⁵	8,018	3,804	4,214
Intangibles	6,563	6,682	(119)
Heritage and cultural assets	35,734	35,743	(9)
Other non-financial assets	2,370	1,012	1,358
Total non-financial assets	66,528	51,346	15,182
Total assets	92,389	75,403	16,986
LIABILITIES			
Payables			
Suppliers ⁴	4,534	6,062	(1,528)
Grants	176	-	176
Other payables	7,426	4,493	2,933
Total payables	12,136	10,555	1,581
Provisions			
Employee provisions	25,011	24,415	596
Other provisions	221	461	(240)
Total provisions	25,232	24,876	356
Total liabilities	37,368	35,431	1,937
Net assets	55,021	39,972	15,049
EQUITY			
Contributed equity	69,302	69,981	(679)
Reserves	7,049	7,439	(390)
Accumulated deficit ²	(21,330)	(37,448)	16,118
Total equity	55,021	39,972	15,049

The above statement should be read in conjunction with note 8.2B

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Statement of Changes in Equity
for the period ended 30 June 2018

	Retained earnings			Asset revaluation reserve			Contributed equity/capital			Total equity		
	Budget Estimate			Budget Estimate			Budget Estimate			Budget Estimate		
	Actual	Original	Variance	Actual	Original	Variance	Actual	Original	Variance	Actual	Original	Variance
	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance												
Balance carried forward from previous period	(26,750)	(32,333)	5,583	7,439	7,439	-	66,423	66,423	-	47,112	41,529	5,583
Adjustment for prior year error	(221)	146	(367)	-	-	-	-	-	-	(221)	146	(367)
Adjusted opening balance	(26,971)	(32,187)	5,216	7,439	7,439	-	66,423	66,423	-	46,891	41,675	5,216
Comprehensive income												
Surplus/(Deficit) for the period ²	5,643	(5,021)	10,664	-	-	-	-	-	-	5,643	(5,021)	10,664
Other comprehensive income	-	-	-	(392)	-	(392)	-	-	-	(392)	-	(392)
Total comprehensive income	5,643	(5,021)	10,664	(392)	-	(392)	-	-	-	5,251	(5,021)	10,272
Transactions with owners												
Contributions to owners												
Returns of capital - repealed appropriation	-	-	-	-	-	-	(679)	-	(679)	(679)	-	(679)
Contributions by owners												
Equity injection - Appropriation	-	-	-	-	-	-	-	-	-	-	-	-
Departmental capital budget	-	-	-	-	-	-	3,558	3,558	-	3,558	3,558	-
Other	-	(240)	240	-	-	-	-	-	-	-	(240)	240
Total transactions with owners	-	(240)	240	-	-	-	2,879	3,558	(679)	2,879	3,318	(439)
Transfers between equity components	(2)	-	(2)	2	-	2	-	-	-	-	-	-
Closing balance as at 30 June	(21,330)	(37,448)	16,118	7,049	7,439	(390)	69,302	69,981	(679)	55,021	39,972	15,049

The above statement should be read in conjunction with note 8.2B

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Cash Flow Statement*for the period ended 30 June 2018*

	Actual	Budget Estimate	
		Original	Variance
	2018	2018	2018
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Receipts from Government ⁴	116,145	106,183	9,962
Sales of goods and rendering of services ³	5,665	95	5,570
Net GST received	2,831	786	2,045
Other	2,704	5,727	(3,023)
Total cash received	127,345	112,791	14,554
Cash used			
Employees	68,419	71,767	(3,348)
Suppliers	40,219	37,552	2,667
Grants ¹	4,285	-	4,285
Section 74 receipts transferred to OPA ⁴	11,030	3,472	7,558
Other expenses	836	-	836
Total cash used	124,789	112,791	11,998
Net cash from operating activities	2,556	-	2,556
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	721	-	721
Total cash received	721	-	721
Cash used			
Purchase of buildings	1,807	796	1,011
Purchase of property, plant and equipment ⁵	5,249	1,944	3,305
Purchase of intangibles	504	818	(314)
Total cash used	7,560	3,558	4,002
Net cash used by investing activities	(6,839)	(3,558)	(3,281)
FINANCING ACTIVITIES			
Cash received			
Departmental capital budget ⁵	5,551	3,558	1,993
Net transfer from the OPA	-	-	-
Total cash received	5,551	3,558	1,993
Net cash from financing activities	5,551	3,558	1,993
Net increase in cash held	1,268	-	1,268
Cash and cash equivalents at the beginning of the reporting period	3,398	1,685	1,713
Cash and cash equivalents at the end of the reporting period	4,666	1,685	2,981

The above statement should be read in conjunction with note 8.2B

Department of Communications and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.2B: Departmental Major Budget Variances

Explanations of major variances
<p>¹ Grants expense and payments were higher than budgeted as some grants recipients achieved milestones earlier than expected, resulting in payments being brought forward from 2018-19 to 2017-18.</p> <p>² During 2017-18 the Department relocated the Canberra Office from Sydney Avenue, Barton to Philip Law Street, Acton. As a result of the move, the Department accepted the transfer of the building fitout resulting in a gain being recorded in the Statement of Comprehensive Income. Concurrently, the Department sublet two floors of the building and transferred out the associated building fitout resulting in a loss from sale of assets. The net impact of these two transfers resulted in an increase in buildings, and a higher than budgeted surplus position, flowing through to accumulated deficits.</p> <p>³ Revenue budgeted as 'other revenue' and 'other receipts' has been reclassified to 'sales of goods and rendering of services' in the Statement of Comprehensive Income and the Cash Flow Statement.</p> <p>⁴ Receipts from Government is higher than budgeted due to the inclusion of the PGPA Section 74 receipts transferred to the OPA therefore increasing available appropriation.</p> <p>⁵ Purchases of property, plant and equipment were higher than budgeted reflecting work required to adapt the fitout of the new Canberra Office to meet the operational needs of the Department. Some of the work required was funded through the use of available appropriation from prior year Departmental Capital Budgets.</p>

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8.2C: Administered Budgetary Reports**Administered Schedule of Comprehensive income***for the period ended 30 June 2018*

	Budget estimate		
	Actual	Original	Variance
	2018 \$'000	2018 \$'000	2018 \$'000
NET COST OF SERVICES			
Expenses			
Suppliers ¹	383,955	364,102	19,853
Grants ²	286,702	331,531	(44,829)
Depreciation and amortisation	9,822	9,638	184
Write-down and impairment of assets	1,582	-	1,582
Payments to corporate Commonwealth entities	1,762,898	1,762,898	-
Subsidies ³	-	376,199	(376,199)
Other expenses	13,604	6,956	6,648
Total expenses	2,458,563	2,851,324	(392,761)
Income			
Revenue			
Non-taxation revenue			
Sale of goods and rendering of services	3,702	3,630	72
Interest ⁴	71,862	128,806	(56,944)
Dividends ⁵	78,472	64,800	13,672
Rental income	1,529	4,161	(2,632)
Other revenue	1,237	-	1,237
Other gains	6,406	-	6,406
Total non-taxation revenue	163,208	201,397	(38,189)
Total income	163,208	201,397	(38,189)
Net cost of services	(2,295,355)	(2,649,927)	(354,572)
Deficit	(2,295,355)	(2,649,927)	(354,572)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	(88)	-	(88)
Items subject to subsequent reclassification to net cost of services			-
Losses on available for sale financial assets ⁶	(4,915,290)	-	(4,915,290)
Total other comprehensive income	(4,915,378)	-	(4,915,378)
Total comprehensive loss	(7,210,733)	(2,649,927)	(4,560,806)

The above statement should be read in conjunction with note 8.2D

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Administered Schedule of Assets and Liabilities <i>as at 30 June 2018</i>			
	Budget estimate		
	Actual	Original	Variance
	2018	2018	2018
	\$'000	\$'000	\$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	47	-	47
Trade and other receivables ⁴	5,616,368	9,397,882	(3,781,514)
Other investments ⁶	26,448,077	35,229,199	(8,781,122)
Other financial assets	19	-	19
Total financial assets	32,064,511	44,627,081	(12,562,570)
Non-financial assets			
Buildings	56,377	58,301	(1,924)
Property, plant and equipment	148,012	149,589	(1,577)
Other non-financial assets	2,917	5,994	(3,077)
Total non-financial assets	207,306	213,884	(6,578)
Total assets administered on behalf of Government	32,271,817	44,840,965	(12,569,148)
LIABILITIES			
Payables			
Suppliers ¹	340,653	316,523	24,130
Grants	29,632	15,551	14,081
Other payables	19,061	19,658	(597)
Total payables	389,346	351,732	37,614
Provisions			
Other Provisions	1,173	-	1,173
Total provisions	1,173	-	1,173
Total liabilities administered on behalf of Government	390,519	351,732	38,787
Net assets	31,881,298	44,489,233	(12,607,935)

The above statement should be read in conjunction with note 8.2D

8.2D: Administered Major Budget Variances**Explanation of major variances**

¹ Supplier expenses increased in 2017-18 primarily as a result of an increase in roll out activity under the Public Interest Telecommunications for voice-only customer migration program.

² The lower than budgeted grants expense mainly relates to the Mobile Black Spots Program. Some base stations that were budgeted for completion in 2017-18 will be completed in 2018-19 and the related grant milestones payments will now be made in 2018-19.

³ The 2017-18 Budget estimates reflected the planned commencement of the Regional Broadband Scheme in 2017-18. The Budget was updated during the year to reflect the commencement of the program being deferred to 2018-19.

Department of Communications and the Arts

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

⁴ During 2017-18 NBN Co Limited commenced drawing down a Commonwealth loan facility of up to \$19.5 billion. The company accessed less of the loan funding in 2017-18 than anticipated in the Budget estimates resulting in lower interest revenue being recognised and a lower than budgeted loan receivable balance being recorded in the Administered Schedule of Assets and Liabilities.

⁵ Dividend revenue reflects the dividend paid to the Government by Australia Post. The Budget estimates for dividend revenue were updated during the year to reflect more recent projections as agreed by Shareholder Ministers.

⁶ The Department's Budget estimates for Administered Investments are generally held constant over the forward years due to the difficulties associated with predicting any changes likely to occur in the values of portfolio entities.



APPENDICES

Appendix 1 Agency resource statement and expenses for outcome	174
Appendix 2 Advertising and market research	181
Appendix 3 Workplace health and safety	182
Appendix 4 Report on the Environment Protection and Biodiversity Conservation Act 1999	183
Appendix 5 Compliance with section 24Y of the Australian Broadcasting Corporation Act 1983	184
Appendix 6 Report on the Protection of Movable Cultural Heritage Act 1986 (section 47)	185

Appendix 1

Agency resource statement and expenses for outcome

Table A1.1 Agency resource statement, 2017–18

	Actual available appropriation for 2017–18 \$'000	Payments made 2017–18 \$'000	Balance remaining 2017–18 \$'000
	(a)	(b)	(a) – (b)
Ordinary annual services ¹			
Prior year departmental appropriation	20,545	19,677	868
Departmental appropriation	104,179	88,608	15,571
Departmental capital budget ²	3,558	2,381	1,177
Section 74 Relevant agency receipts	11,030	11,030	–
Total	139,312	121,696	17,616
Administered expenses			
Outcome 1			
Prior year administered appropriation	37,650	24,232	
Administered appropriation	238,544	187,468	
Payments to corporate Commonwealth entities	1,323,738	1,323,738	
Outcome 2			
Prior year administered appropriation	4,477	2,798	
Administered appropriation	212,341	211,562	
Administered capital budget ²	1,636	1,636	
Payments to corporate Commonwealth entities	439,160	439,160	
Total	2,257,546	2,190,594	
Total ordinary annual services	2,396,858	2,312,290	

	Actual available appropriation for 2017–18 \$'000	Payments made 2017–18 \$'000	Balance remaining 2017–18 \$'000
	(a)	(b)	(a) – (b)
Departmental non-operating			
Equity injections	150		150
Total	150		150
Administered non-operating			
Prior year administered appropriations	2,034,555	1,590,000	444,555
Administered assets and liabilities	9,158,817	5,905,825	3,252,992
Administered assets and liabilities payments to corporate Commonwealth entities	–	–	
Payments to non-corporate entities — non-operating	40,601	40,601	
Total	11,233,973	7,536,426	
Total other services	11,233,973	7,536,426	
Total available annual appropriations and payments	13,630,981	9,848,716	
Special appropriations			
Public Governance, Performance and Accountability Act 2013 — section 77 (Refund Provision)	100	70	
Total special appropriations	100	70	30

	Actual available appropriation for 2017–18 \$'000	Payments made 2017–18 \$'000	Balance remaining 2017–18 \$'000
	(a)	(b)	(a) – (b)
Special accounts			
Opening balance	29,442		
Appropriation receipts	102,285		
Non-appropriation receipts to special accounts	234,300		
Payments made		362,286	
Total special account	D 366,027	362,286	3,741
Total resourcing and payments			
A+B+C+D	13,997,108	10,211,072	
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or non-corporate entities through annual appropriations	(102,285)	(102,285)	
Total net resourcing and payments	13,894,823	10,108,787	

- 1 Appropriation Act (No. 1) 2017–18 and Appropriation Act (No. 3) 2017–18. This also includes prior-year departmental appropriation, section 75 transfers and section 74 retained revenue receipts less any appropriation repealed.
- 2 For accounting purposes, this amount has been designated as 'contributions by owners'.

Table A1.2 Expenses for Outcome 1

Outcome 1: Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services.

	Estimated actual 2017–18 \$'000	Actual expenses 2017–18 \$'000	Variation 2017–18 \$'000
	(a)	(b)	(a) – (b)
Program 1.1: Digital Technologies and Communications Services			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and Act No. 3)	151,411	110,680	40,731
Special appropriations		70	(70)
Special accounts	337,600	361,051	(23,451)
Payments to corporate entities	1,323,738	1,323,738	–
Expenses not requiring appropriation in the budget year	10,779	8,036	2,743
Departmental expenses			–
Departmental appropriation ¹	81,563	95,053	(13,490)
Special accounts	4,007	4,048	(41)
Expenses not requiring appropriation in the budget year	9,759	3,743	6,016
Total for Program 1.1	1,918,857	1,906,419	12,438

	Estimated actual 2017–18 \$'000	Actual expenses 2017–18 \$'000	Variation 2017–18 \$'000
	(a)	(b)	(a) – (b)
Outcome 1 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Bill No. 1)	151,411	110,680	40,731
Special appropriations		70	(70)
Special accounts	337,600	361,051	(23,451)
Payments to corporate entities	1,323,738	1,323,738	–
Expenses not requiring appropriation in the budget year	10,779	8,036	2,743
Departmental expenses			
Departmental appropriation ¹	81,563	95,053	(13,490)
Special accounts	4,007	4,048	(41)
Expenses not requiring appropriation in the budget year	9,759	3,743	6,016
Total expenses for Outcome 1	1,918,857	1,906,419	12,438
	2017–18	2017–18	
Average staffing level (number)	405	408	(2)

1 Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1, 3 and 5) and retained revenue receipts under section 74 of the Public Governance, Performance and Accountability Act 2013.

Table A1.3 Expenses for Outcome 2

Outcome 2: Participation in, and access to, Australia's arts and culture through developing and supporting cultural expression.

	Estimated actual 2017–18 \$'000	Actual expenses 2017–18 \$'000	Variation 2017–18 \$'000
	(a)	(b)	(a) – (b)
Program 2.1: Arts and Cultural Development			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and Act No. 3)	214,523	211,957	2,566
Special appropriations			
Special accounts	500	497	3
Payments to corporate entities	439,160	439,160	–
Expenses not requiring appropriation in the budget year	1,605	3,374	(1,769)
Departmental expenses			
Departmental appropriation ¹	18,609	16,022	2,587
Special accounts	5,735	5,100	635
Expenses not requiring appropriation in the budget year	253	588	(335)
Total for Program 2.1	680,385	676,698	3,687

	Estimated actual 2017–18 \$'000	Actual expenses 2017–18 \$'000	Variation 2017–18 \$'000
	(a)	(b)	(a) – (b)
Outcome 2 totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1 and Act No. 3)	214,523	213,544	979
Special appropriations			
Special accounts	500	497	3
Payments to corporate entities	439,160	439,160	–
Expenses not requiring appropriation in the budget year	1,605	1,787	(182)
Departmental expenses			
Departmental appropriation ¹	18,609	16,022	2,587
Special accounts	5,735	5,100	635
Expenses not requiring appropriation in the budget year	253	588	(335)
Total expenses for Outcome 2	680,385	676,698	3,687
	2017–18	2017–18	
Average staffing level (number)	146	126	20

1 Departmental appropriation combines ordinary annual services (Appropriation Act Nos. 1, 3 and 5) and retained revenue receipts under section 74 of the Public Governance, Performance and Accountability Act 2013.

Appendix 2

Advertising and market research

Tables A2.1 to A2.3 list any advertising and market research payments of more than \$13,200 (inclusive of GST) made during 2017–18, as required by section 311A of the Commonwealth Electoral Act 1918.

Table A2.1 Advertising agencies

Organisation name	Purpose	Amount of payment (excluding GST)
Total advertising agencies	N/A	0.00

Table A2.2 Market research organisations

Organisation name	Purpose	Amount of payment (excluding GST)
Arc Public Pty Ltd	Qualitative market research to inform the Australian and Children's Screen Content Review	\$83,200.00
Total market research organisations		\$83,200.00

Table A2.3 Media advertising organisations

Organisation name	Purpose	Amount of payment (excluding GST)
Total media advertising	N/A	0.00

During 2017–18, we did not conduct any advertising campaigns.

Appendix 3

Workplace health and safety

In 2017–18, our continued priority on prevention strategies, through our health, wellbeing and early-intervention programs, has resulted in a further reduction in Comcare premiums and resolution of both compensation and non-compensation claims. Initiatives supporting this include:

- › an early-intervention approach and associated fund
- › centralised management of reasonable workplace adjustment
- › Healthy Living Month
- › Health Hub
- › flexible working arrangements (enabled by our IT and communications mobility)
- › active social and workplace networks such as the Health and Safety Committee

We received no provisional improvement notices and had 1 notifiable incident during 2017–18.

Appendix 4

Report on the Environment Protection and Biodiversity Conservation Act 1999

The following information on our environmental management activities is provided in accordance with the Environment Protection and Biodiversity Conservation Act 1999.

We recognise the importance of the 5 principles of ecologically sustainable development (integration, precaution, intergeneration, biodiversity and valuation) and, given the nature of our work, especially focus on the principles of intergeneration and integration. This is demonstrated through our decision-making processes, which always consider both short-term and long-term impacts.

In July 2017 we moved our Canberra office to the Nishi building in New Acton. This building takes a progressive approach to achieving world-class environmental performance and has provided an opportunity for us to build on our previous commitment to continuing and improving environmental performance through the following initiatives.

- › The building has dedicated secure recycling for the collection of paper, glass, plastic, metal and organic waste which, along with centralised collection points, allows for an increased uptake of recycling and organic waste disposal options and reduction in environmental footprint.
- › Lighting designed to comply with Australian Standards AS/NZS 1680 and workstation lamps using LED technology.
- › Best practice in the use of paints, adhesives and materials with low volatile organic compound components in the construction and fitout, including at individual workstations.
- › Open-plan floor design which maximises access to natural light and views, with most workstations within 8 metres of a window, as per Green Building Council criteria.
- › Smart building technology including the 'night purge' of air from the building, which operates in response to outdoor temperatures and removes warm air in summer.
- › Carbon dioxide monitors which improve the accuracy of readings and the performance of air-conditioning across floors.

In addition to these initiatives, we have taken a proactive approach to our environmental obligations under the lease by hosting a quarterly meeting with representatives from building management and its sub-tenant, Austrade. At these meetings, environmental performance data is reviewed and additional measures considered to further reduce our impact on the environment.

Appendix 5

Compliance with section 24Y of the Australian Broadcasting Corporation Act 1983

We provided secretariat support to the independent Nomination Panel for Australian Broadcasting Corporation (ABC) and Special Broadcasting Service Corporation (SBS) Board appointments for a merit-based selection process. The process involved 1 non-executive Director position each in the ABC and SBS Board. The process was completed in May 2018.

Appendix 6

Report on the Protection of Movable Cultural Heritage Act 1986 (section 47)

This appendix constitutes a report on the Protection of Movable Cultural Heritage Act 1986, as required under section 47 of the Act. Table A6.1 details actions taken under the Act.

Table A6.1 Actions taken under the Protection of Movable Cultural Heritage Act 1986

Action	2016–17	2017–18
Export Permit — permanent — issued	66	52
Export Permit — temporary — issued	7	8
Export Permit — permanent — refused	0	3
Certificate of Exemption — issued	13	23
National Cultural Heritage Account applications approved	4	4
Unlawful imports — return of protected foreign cultural property	38 ammunition components returned to the Government of the Republic of Turkey	4 human skulls returned to the Government of the Republic of Indonesia



REFERENCE INFORMATION

Abbreviations and acronyms	188
Glossary of terms	190
List of requirements	192
Index	200

Abbreviations and acronyms

ABC	Australian Broadcasting Corporation
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACMA	Australian Communications and Media Authority
AFTRS	Australian Film, Television and Radio School
ANAO	Australian National Audit Office
ANMM	Australian National Maritime Museum
APS	Australian Public Service
CEO	Chief Executive Officer
EL	Executive Level
FOI	Freedom of information
Gbps	Gigabits per second
GHz	Gigahertz
GSM	Global System for Mobile Communications
GST	Goods and services tax
IT	Information technology
LGBTQIA+	Lesbian, gay, bisexual, trans, queer, intersex, asexual and all people of diverse genders and sexualities
Mbps	Megabits per second
MOAD	Museum of Australian Democracy at Old Parliament House
NAISDA Dance College	National Aboriginal Islander Skills Development Association Dance College
NBN	National Broadband Network
NCI	National Cultural Institution
NFSA	National Film and Sound Archive
NGA	National Gallery of Australia
NICA	National Institute of Circus Arts
NIDA	National Institute of Dramatic Art
NLA	National Library of Australia

NMA	National Museum of Australia
NPGA	National Portrait Gallery of Australia
PBS	Portfolio Budget Statements
PDV Offset	Post, Digital and Visual Effects Offset
PGPA	Public Governance, Performance and Accountability
PSMB	Public Safety Mobile Broadband
RTC	Ready to connect
SBS	Special Broadcasting Service Corporation
SES	Senior Executive Service
TCP Code	Telecommunications Consumer Protection Code
TIO	Telecommunications Industry Ombudsman
UNESCO	United Nations Educational, Scientific and Cultural Organization
USG	Universal Service Guarantee
USO	Universal Service Obligation

Glossary of terms

5G	The next step in the evolution of mobile wireless communications technology, promising improved connectivity, greater network speeds and bandwidth, and very low latency
ARTS8	The Australian Film, Television and Radio School, together with Australia's 7 elite training organisations
Carriers	Holders of a telecommunications carrier licence
Classification Board	The body established under the Classification (Publications, Films and Computer Games) Act 1995 that classifies films, computer games and publications for exhibition, sale or hire in Australia
Enterprise Agreement	A written agreement about working conditions and wages made between an employer and its employees
Fixed-line	A network in which voice, data or broadband services are delivered over a physical line
Free-to-air	The broadcast services available without a subscription or fee
Grant	Commonwealth financial assistance covered by the Commonwealth Grants Rules and Guidelines
Mobile black spot	A location with poor or non-existent mobile coverage
National Arts and Disability Strategy	A framework for jurisdictions to assess and improve existing activities, consider new opportunities and directions, and identify new partnerships and initiatives
National Classification Scheme	A cooperative arrangement between the Australian Government and state and territory governments under which the Classification Board classifies films, computer games and certain publications
Non-ongoing APS employee	A person engaged as an Australian Public Service (APS) employee under subsection 22(2)(b) or 22(2)(c) of the Public Service Act 1999

Ongoing APS employee	A person engaged as an ongoing APS employee under subsection 22(2)(a) of the Public Service Act 1999
Performance information	Evidence about performance that is collected and used systematically and may relate to appropriateness, effectiveness and efficiency and the extent to which an outcome can be attributed to an intervention — performance information may be quantitative (numerical) or qualitative (descriptive), and it should be verifiable
Programs	An activity or group of activities that deliver benefits, services or transfer payments to individuals, industry/business or the community as a whole and are the primary vehicles for Commonwealth entities to achieve the intended results of their outcome statements
Purchaser–provider arrangements	Arrangements under which the services of one entity are purchased by another entity to contribute to outcomes — these arrangements can occur between Commonwealth entities or between Commonwealth entities and state/territory government or private sector bodies
Safe harbour scheme	A scheme, through the Copyright Act 1968, to protect the telecommunications, disability, education, library, archive and cultural sectors from legal liability where they can demonstrate they have taken reasonable steps to reduce copyright infringement on their online platforms
Sky Muster	A satellite service that delivers the NBN to homes and businesses in regional and remote Australia
Spectrum	The span of electromagnetic frequencies used in communications systems
Sustainable Development Goals	Also known as Global Goals, 17 goals that aim to end all forms of poverty worldwide. The goals were adopted by world leaders in September 2015 at a summit of the United Nations
Universal Service Obligation	The obligation placed on universal service providers to ensure that all people in Australia, wherever they reside or carry on business, have reasonable access, on an equitable basis, to standard telephone services, including payphones

List of requirements

Table R.1 reproduces the table set out in Schedule 2 of the PGPA Rule. Section 17A(j)(d) requires this table to be included in entities' annual reports as an aid of access.

Table R.1 List of requirements

PGPA Rule Reference	Description	Requirement	Part of report	Page
17AD(g)	Letter of transmittal			
17AI	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory	Letter of transmittal	iii
17AD(h)	Aids to access			
17AJ(a)	Table of contents	Mandatory	Contents	iv–v
17AJ(b)	Alphabetical index	Mandatory	Reference information	200–206
17AJ(c)	Glossary of abbreviations and acronyms	Mandatory	Reference information	188–189
17AJ(d)	List of requirements	Mandatory	Reference information	192–199
17AJ(e)	Details of contact officer	Mandatory	Publication details	ii
17AJ(f)	Entity's website address	Mandatory	Publication details	ii
17AJ(g)	Electronic address of report	Mandatory	Publication details	ii

PGPA Rule Reference	Description	Requirement	Part of report	Page
17AD(a)	Review by accountable authority			
17AD(a)	A review by the accountable authority of the entity	Mandatory	Part 1	2–7
17AD(b)	Overview of the entity			
17AE(1)(a)(i)	A description of the role and functions of the entity	Mandatory	Part 1	8
17AE(1)(a)(ii)	A description of the organisational structure of the entity	Mandatory	Part 1	9–10
17AE(1)(a)(iii)	A description of the outcomes and programs administered by the entity	Mandatory	Part 1	9
17AE(1)(a)(iv)	A description of the purposes of the entity as included in the Corporate Plan	Mandatory	Part 1	8–9
17AE(1)(b)	An outline of the structure of the portfolio of the entity	Portfolio departments — mandatory	Part 1	11–15
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change	If applicable, mandatory	n/a	n/a
17AD(c)	Report on the performance of the entity			
	Annual performance statements			
17AD(c)(i); 16F	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule	Mandatory	Part 2	17–79
17AD(c)(ii)	Report on financial performance			
17AF(1)(a)	Discussion and analysis of financial performance	Mandatory	Part 3	99–101
17AF(1)(b)	A table summarising the total resources and total payments of the entity	Mandatory	Appendix 1	174–176

PGPA Rule Reference	Description	Requirement	Part of report	Page
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on future operation or financial results	If applicable, mandatory	n/a	n/a
17AD(d)	Management and accountability			
	Corporate governance			
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	Letter of transmittal	iii
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	Letter of transmittal	iii
17AG(2)(b)(ii)	A certification by the accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place	Mandatory	Letter of transmittal	iii
17AG(2)(b)(iii)	A certification by the accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	Letter of transmittal	iii
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	Part 3	82–87
17AG(2)(d) – (e)	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance	If applicable, mandatory	n/a	n/a
	External Scrutiny			
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	Part 3	88

PGPA Rule Reference	Description	Requirement	Part of report	Page
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity	If applicable, mandatory	n/a	n/a
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman	If applicable, mandatory	Part 3	88
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period	If applicable, mandatory	n/a	n/a
Management of Human Resources				
17AG(4)(a)	An assessment of the department's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	Part 3	89–91
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: staffing classification level full-time employees part-time employees gender staff location employees who identify as Indigenous	Mandatory	Part 3	92–93
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the Public Service Act 1999	Mandatory	Part 3	94–95
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c)	Mandatory	Part 3	94–95
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level	Mandatory	Part 3	94
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees	Mandatory	Part 3	96

PGPA Rule Reference	Description	Requirement	Part of report	Page
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay	If applicable, Mandatory	n/a	n/a
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level	If applicable, mandatory	n/a	n/a
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, mandatory	n/a	n/a
17AG(4)(d)(iv)	Information on aggregate amount of performance payments	If applicable, mandatory	n/a	n/a
Assets Management				
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory	Part 3	102
Purchasing				
17AG(6)	An assessment of entity performance against the Commonwealth Procurement Rules	Mandatory	Part 3	102
Consultants				
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST)	Mandatory	Part 3	102–103
17AG(7)(b)	A statement that "During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]"	Mandatory	Part 3	102

PGPA Rule Reference	Description	Requirement	Part of report	Page
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	Mandatory	Part 3	102
17AG(7)(d)	A statement that "Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website"	Mandatory	Part 3	102
Australian National Audit Office Access Clauses				
17AG(8)	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract	If applicable, mandatory	n/a	n/a
Exempt Contracts				
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters	If applicable, mandatory	n/a	n/a
Small Business				
17AG(10)(a)	A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the department of Finance's website"	Mandatory	Part 3	103

PGPA Rule Reference	Description	Requirement	Part of report	Page
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises	Mandatory	Part 3	103–104
17AG(10)(c)	If the entity is considered by the department administered by the Finance Minister as material in nature — a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website”	If applicable, mandatory	Part 3	104
	Financial Statements			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act	Mandatory	Part 4	107–170
17AD(f)	Other Mandatory Information			
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website”	If applicable, mandatory	n/a	n/a
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, mandatory	Appendix 2	181
17AH(1)(b)	A statement that “Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website]”	If applicable, mandatory	Part 3	104
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory	Part 3	93
17AH(1)(d)	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found	Mandatory	Part 3	88

PGPA Rule Reference	Description	Requirement	Part of report	Page
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	n/a	n/a
17AH(2)	Information required by other legislation			
	Reporting on advertising and market research (section 311A of the Commonwealth Electoral Act 1918) and statement on advertising campaigns	Mandatory	Appendix 2	181
	Information on work health and safety matters (schedule 2, part 4 of the Work Health and Safety Act 2011)	Mandatory	Appendix 3	182
	Reporting on ecologically sustainable development and environmental performance (section 516A of the Environment Protection and Biodiversity Conservation Act 1999)	Mandatory	Appendix 4	183
	A statement in relation to each selection process for the appointment of an Australian Broadcasting Corporation Director referred to in paragraph 12(1)(b) or (c) that was completed in the financial year, as required under section 24Y of the Australian Broadcasting Corporation Act 1983	Mandatory	Appendix 5	184
	An annual report on the working of the Protection of Movable Cultural Heritage Act 1986, as required under section 47 of that Act	Mandatory	Appendix 6	185

Index

5G, 3, 7, 41, 46–48

A

ABC Amendment (Rural and Regional Measures)

Bill 2017, 42

administered finances, 101

Administrative Arrangements Order, 8

administrative tribunal decisions, 195

advertising and market research, 181

agency resource statement, 174–176

AlphaBeta (data analytics and research firm), 30

ANAO, 88, 99, 108–110

ancestral remains repatriation, viii, 6, 22, 67–70, 79
annual performance statements, 17–79

1.1 All Australians have access to effective
communications services and can rely on
them in their everyday activities, 23–31

1.2 Australians are informed and protected
in pursuing their interests, not taken
advantage of; and can benefit from the
opportunities that the online environment
offers, 32–35

1.3 Australians have the opportunity to
enjoy and participate in diverse cultural
experiences, 36–40

2.1 Communications sector participants
remain financially viable and sustainable
and internationally competitive and are able
to invest and innovate and meet the needs
of Australian consumers, 41–51

2.2 Portfolio agencies are delivering the
government's agenda effectively and
working to the benefit of the sectors and the
nation, 52–60

2.3 Australia's art sector is sustainable,
innovative and strong and enabling growth
in creative activities across Australia, 61–62

3.1 Australians are able to access uniquely
Australian content; content creators are
informed and capable, and have the
skills and expertise necessary to develop
Australian content, 63–66

3.2 Australia's culture, including Indigenous
voices, languages and stories, is preserved
and protected for generations to come, and
is showcased and celebrated throughout the
world, 67–72

Anzac Centenary Arts and Culture Fund, ix, 40

Art Gallery of Western Australia, 39

Artbank, 62, 87, 102

Arts Division, 10

ARTS8, 60, 65

ArtsReady, 69, 90

assets management, 102

Audio Description Working Group, 35

Audit Committee, 83, 85, 87

Auditor-General

access to contractor premises, 197

see also Australian National Audit Office

audits

internal, 87

see also Australian National Audit Office

AusTender, 102, 197

Austrade, 187

Australia Council, 11, 13, 22, 37, 53, 63–64, 78

Australia Post, 5, 11, 49, 53, 75, 77, 88

Australian and Children's Screen Content Review,
22, 63, 66, 78, 181

Australian Ballet School, 60

Australian Broadcasting Corporation (ABC), viii, 5,
11–12, 22, 42–43, 53, 63–64, 66, 78

section 24Y compliance, 184

Australian Broadcasting Corporation Amendment
(Fair and Balanced) Bill 2017, 42

Australian Bureau of Statistics (ABS), 52, 57, 61

Australian Communications and Media Authority
(ACMA), 11–12, 53, 64–65

Asia-Pacific Telecommunity Preparatory
Group, vii

gambling regulation, 34

improving the NBN experience, vi, 4, 31

Regional and Small Publishers Innovation
Fund, 5, 43

review of, 53, 75

taxing arrangements under spectrum pricing, 47
 TCP code, 32, 35
 telephone numbering, 45
 Australian Competition and Consumer Commission (ACCC), vi, 5, 31–32, 35, 58
 Australian Film, Television and Radio School (AFTRS), 11, 13, 37, 54, 60, 64–65
 Australian Football League SportsReady initiative, 90
 Australian Government International Exhibitions Insurance program, 39
 Australian Indigenous Leadership Centre, 90
 Australian Information Commissioner, 195
 Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS), 90
 Australian National Academy of Music, 60
 Australian National Audit Office, 88, 99, 108–110
 Australian National Maritime Museum (ANMM), 11, 13, 54
 Australian National University, 6
 Australian Network on Disability, 97
 Australian Postal Corporation Act 1989, 49, 188
 Australian Public Service Commission, 91, 93, 97
 Australian Research Council, 6
 Australian Youth Orchestra, 60
 Axiom, 87

B

Broadcasting Legislation Amendment (Broadcasting Reform) Bill 2017, 5, 42
 Broadcasting Legislation Amendment (Foreign Media Ownership and Community Radio) Bill 2017, 44
 broadcasting reforms, 42–44
 Broadcasting Services Act 1992, 34
 Bundanon Trust, 11, 13, 37, 54
 Bureau of Communications and Arts Research, 3, 10, 77
 business continuity planning, 86
 business planning processes and framework, 6, 82, 86–87, 90

C

capability development of staff, 89–91
 case studies
 Australia-Singapore Arts Group, 72
 Improving copyright protections in the digital age, 51
 Measuring the performance of National Cultural Institutions, 57
 Mobile Black Spot Program, 26
 NBN rollout, 30
 Oversight of NBN Co, 58
 Repatriation and technology, connecting communities, 70
 Chief Operating Officer, 10, 83–84, 87
 Chief Risk Officer, 87
 children's content review, 22, 63, 66, 78, 181
 Classification Board, 33–34
 Classification Review Board, 33
 classification, 7–8, 33–34, 74, 76, 78
 Collecting Societies Code of Conduct, vii, 50
 Comcare, 182
 Commercial Broadcasting (Tax) Act 2017, 5, 47
 Commercial Broadcasting (Tax) Bill 2017, 42
 committees, 82–85
 Commonwealth Electoral Act 1918, iii, 181
 Commonwealth Fraud Control Framework, iii
 Commonwealth Grants Rules and Guidelines, 104
 Commonwealth Ombudsman, 195
 Communications Legislation Amendment (Deregulation and Other Measures) Bill 2018, 45
 Communications Legislation Amendment (Online Content Services and Other Measures) Act 2018, 34
 Communications Legislation Amendment (Regional and Small Publishers Innovation Fund) Bill 2017, 43
 Competition and Consumer Amendment (Misuse of Market Power) Act 2017, 45
 CONNECT: Continuing Performance Conversations Program, 90–91
 consultants, 102–104
 Consumer Safeguards Review, 4, 27, 32–33, 35
 contact officer, details, ii
 Content Division, 10
 Cook, James, commemorating the 250th anniversary of Captain James Cook's pacific voyage, x, 54–55
 Copyright Act 1968, 51, 195
 Copyright Amendment (Service Providers) Act 2018, vii, 4, 50

Copyright Amendment (Service Providers) Bill 2017, 51
 copyright reforms, 50–51
 Corporate Division, 9, 10, 83
 Creative Partnerships Australia, 11, 14, 37, 54
 Cultural and Linguistic Diversity Network, 96
 Cultural Gifts Program, 40
 Curtin University, 35

D

Department of Finance, 11–12, 19, 58, 103
 Department of Foreign Affairs and Trade, 68, 91
 Department of Home Affairs, 47–48
 departmental overview
 agency resource statement, 174–176
 expenses for outcomes, 177–180
 ministerial arrangements, 8
 organisational chart, 10
 outcomes and program structure, 9, 20
 portfolio agencies, 11–15
 purpose, 8–9
 role and functions, 8
 Deputy Secretaries, 9–10
 Disability and Allies Network, 96
 disability, people with, vii, 4, 40, 51, 85, 93, 96–97
 Diversity and Inclusion Committee, 6, 83, 85, 96, 98
 diversity champions, 85

E

economy
 arts and cultural sector contribution, 61–62
 elite performing arts organisations, 52–53, 60, 65, 69, 76–77
 employees, see staff
 Enhancing Online Safety (Non-consensual Sharing of Intimate Images) Bill 2018, 34, 56
 Enhancing Online Safety Act 2015, 34
 Enterprise Agreement, 94
 Environment Protection and Biodiversity Conservation Act 1999, 183
 equal employment opportunity groups, 93
 Ernst & Young, 87
 eSafety, 11–12, 34, 56
 ethical standards, 87
 Executive Leadership Team Meeting, 83
 expenses for outcomes, 177–180
 external scrutiny, 88

F

Festivals Australia program, 40
 Fifield, Senator the Hon Mitch, iii, 8
 Film Certification Advisory Board, 62, 65
 Finance and Human Resources Committee, 83–84
 financial management
 administered finances, 101
 agency resource statement, 174–176
 assets management, 102
 departmental finances, 99–100
 expenses for outcomes, 177–180
 procurement, 102–104
 financial statements, 107–170
 flexible work arrangements, 95
 Flying Fruit Fly Circus, 60
 Foreign Actor Certification Scheme, 62, 64
 Fox Sports, 41
 Fraud Control Plan, 87
 freedom of information (FOI), 82, 88
 functions and roles of the department, 8

G

gambling regulation, 33–34, 50
 Gender Action Plan 2017–2019, 97
 gender balance of staff, 93
 Gender Equality Network, 96
 Graduate employees, 89, 97

H

Harper Review, 45
 Health and Safety Committee, 83, 85, 96
 human resources, see staff

I

Indigenous business participation in procurement, 104
 Indigenous employment, 93, 97
 Indigenous Languages and Arts program, 6, 22, 40, 67–68, 78
 Indigenous repatriation, viii, 6, 22, 67–70, 79
 Indigenous Staff Network, 96
 Indigenous Visual Arts Industry Support program, ix, 40, 67, 69
 individual flexibility arrangements (staff), 95
 Information Publication Scheme (IPS), 88
 information and communications technology, 87
 Information Technology Governance Committee, 83–84

Infrastructure and Consumer Division, 10
 Institute of Public Administration Australia, 91
 intellectual property, vii, 4, 50, *see also* copyright reforms
 Interactive Gambling (Sporting Events and Excluded Wagering Services) Determination 2017, 50
 Interactive Gambling Act 2001, 4, 50
 Interactive Gambling Amendment (Lottery Betting) Bill 2018, 4, 50
 Interactive Gambling Amendment Act 2017, 4, 50
 internal audit, 87
 International Cultural Diplomacy Arts Fund, 68, 72
 International Day of People with Disability, 97

J

Joint Standing Committee on Treaties, 49
 judicial decisions, 195

L

Leadership and Management Program, 91
 Learnhub system, 91
 lending rights, x, 61–62
 letter of transmittal, iii
 local government funding to the arts, 52
 Location Offset, 62, 65
 Lynda.com videos, 91

M

Major Performing Arts (MPA) Framework, 64
 management committees, 82–85
 Market Reforms Division, 10
 McKenzie, Senator the Hon Bridget, 8
 media reforms, vi, 5, 76
 ministerial arrangements, 8
 Mobile Black Spot Program, vi, 4, 7, 21, 23–26, 28, 73
 Museum of Australian Democracy at Old Parliament House (MOAD), 11, 14, 37, 54
 Museums Victoria, 69

N

NAISDA Dance College, 60, 69
 Nash, Senator the Hon Fiona, 8
 National Arts and Disability Strategy, 40
 National Broadband Network (NBN), vi, 3–5, 7, 11–12, 21, 23–24, 29–33, 35, 56, 58–59, 74, 88

National Broadcasters Legislation Amendment (Improving Salary Transparency) Bill 2017, 42
 National Classification Scheme, 34, 74
 National Collecting Institutions Touring and Outreach Program, 36, 39
 National Cultural Institutions (NCIs), 36–39, 57
 website visits, 36, 38
 on- and off-site visits, 36, 38
 objects available online, 36, 39
 National Disability Strategy 2010–2020, 93
 National Film and Sound Archive of Australia (NFSA), 11, 14, 37, 55
 National Gallery of Australia (NGA), vii–viii, 11, 14, 37, 39, 55
 National Gallery of Victoria, 39
 National Indigenous Languages Convention, vii, 6, 68
 National Institute of Circus Arts, 60
 National Institute of Dramatic Arts, 60
 National Library of Australia (NLA), vii, 11, 14, 37, 55
 National Museum of Australia (NMA), 11, 15, 55
 National Portrait Gallery of Australia (NPGA), 11, 15, 55
 NBN Co, vi, 3, 11–12, 21, 23–24, 29–31, 56, 58, 74,
 see also National Broadband Network
 Nishi building, 87, 99, 183
 notifiable incidents, 182

O

office accommodation, 87, 99, 123, 183
 Office of the eSafety Commissioner, x, 11–12, 34, 56
 Old Parliament House Museum of Australian Democracy (MOAD), 11, 14, 37, 54
 ombudsman,
 Commonwealth Ombudsman, 195
 Telecommunications Industry Ombudsman (TIO), 32, 35
 online safety, x, 4, 7, 32–34, 56
 Optus, 31
 organisational structure (chart), 10
 outcome and program structure, 9, 20

P

pay, 94–95
 performance, *see* annual performance statements
 performance pay, 196
 performing arts training organisations, 52–53, 60, 65, 69, 76–77
 personnel, *see* staff

philanthropic funding to the arts, 22, 52, 77
 planning and reporting framework, 85–86
 policy reforms, 41–51
 Portfolio Budget Statements, 19–20, 73, 86
 Post, Digital and Visual Effects (PDV) Offset, 62, 65
 postal reforms, 49
 Pride and Allies Network, 6, 96–97
 Prime Minister's Literary Awards, 6, 65
 procurement, 102–104
 Productivity Commission, vii, 3–4, 7, 21, 23, 27, 50, 73
 Program and outcome structure, 9, 20
 Protection of Movable Cultural Heritage Act 1986, ix, 139, 141, 146, 185
 Public Governance, Performance and Accountability Act 2013 (PGPA Act), iii, 18, 58, 86, 102
 Public Safety Mobile Broadband, 48
 Public Service Act 1999, iii, 94–95
 individual determinations under subsection 24(1), 94–95
 Public Service Modernisation Fund, 53–55
 publications
 5G, Enabling the Future Economy, 3, 48
 ACMA Review, 53, 75
 Administration of the National Broadband Network Satellite Support Scheme, 88
 Audio Description Working Group Final Report, 35
 Australia Post's Efficiency of Delivering Reserved Letter Services, 88
 Commonwealth Held Spectrum Review, 3, 46
 Communications Sector Market Study — Final Report, 58
 Competition Policy Review (Harper Review), 45
 Connected Society, Mobile Connectivity Index Launch Report, 25
 Connecting Australians, Results of the National Arts Participation Survey, 37
 Demand for Fixed-line Broadband in Australia, 3, 58
 Gender Action Plan 2017–2019, 97
 Impact of 5G on Productivity and Economic Growth, 3
 Inquiry into Intellectual Property Arrangements, vii, 4, 50
 Inquiry into the Competitive Neutrality of the National Broadcasters, Issues Paper, 43
 Inquiry into the Telecommunications Universal Service Obligation, 4, 27
 Management of the Contract for Telephone Universal Service Obligations, 88

National Arts and Disability Strategy
 Evaluation Report 2013–2015, 40
 National Disability Strategy 2010–2020, 93
 Regional Telecommunications Review 2018
 Issues Paper, 28
 Resource Management Guide No. 132,
 Corporate Plans for Commonwealth
 Entities, 19
 Spectrum Pricing Review, 3, 46
 Spectrum Review, 3, 46
 Terms of Reference for a Review of Australian
 Broadcasting Services in the Asia Pacific, 43
 Terms of Reference for the
 Telecommunications Consumer Safeguards
 Review, 32
 purchasing, 102–104
 purpose statement for the department, 8–9

R

Radiocommunications Act 1992, 46
 Reconciliation Action Plan, 90
 recruitment, 97, 102
 regional, rural and remote Australia
 access to arts and cultural experiences, ix, 22, 67, 79
 competition for telecommunications, 44
 cultural and arts venues, 37, 39–40
 local media programming obligations, 5
 Mobile Black Spot Program, vi, 4, 7, 21, 23–26, 28, 73
 NBN benefits, vi
 Regional and Small Publishers Jobs and Innovation Package, x, 5, 41, 43
 Regional Arts Fund, 40
 Regional Telecommunications Review, 4, 24, 27–28
 Sky Muster satellites, 30
 see also Universal Service Guarantee (USG)
 and Universal Service Obligations (USO)
 Regional Arts Fund, 40
 Regional Telecommunications Review, 4, 24, 27–28
 Register of Cultural Organisations, 52, 71
 regulatory and policy framework,
 policy reforms, 41–51
 remuneration, 94–95
 repatriation of ancestral remains, viii, 6, 67–70
 reporting and planning framework, 85–86
 Resale Royalty Scheme, 61–62, 65
 Resilience and Change Academy, 6
 risk management, 87
 Risk Management Instruction, 87

Risk Management Policy, 87
 roles and functions of the department, 8
 RSM Australia, 87

S

safety, 25
 Health and Safety Committee, 83, 85, 96
 Office of the eSafety Commissioner, 11–12, 34, 56
 online safety, x, 4, 7, 32–34, 56
 Public Safety Mobile Broadband, 48
 workplace health and safety, 85, 96, 182
 salaries, 94–95
 safe harbour scheme, vii, 4, 50–51
 Screen Australia, 11, 15, 22, 37, 56, 63, 65, 78
 Secretary, 9
 outlook, 6
 review of year, 2–7
 Secretary's Business Meeting, 83
 section 24(1) determinations, 94–95
 Senior Executive Service Team Meeting, 83–84
 Senior Executive Service officers, 10, 84, 95
 Statistics and remuneration, 95
 senior management committees, 82–85
 Singapore, arts and cultural relationships with, 68, 71–72
 Sky Muster satellites, 30
 small business participation in procurement, 104–105
 Social Club, 96
 Special Broadcasting Service Corporation (SBS), viii, 5–6, 11, 13, 22, 42–43, 56, 63, 65–66, 78, 90
 section 24Y compliance, 184
 spectrum policy (including for 5G), vii, 3, 5, 7–8, 21, 41, 46–48, 75–76
 sports broadcasting, 5, 34, 41
 staff
 average staffing levels, 182, 184
 consultative arrangements, 83, 85, 96
 equal employment opportunity (statistics), 93
 employment terms and conditions, 94
 engagement, 96
 flexible work arrangements, 6, 95, 182
 gender equality, 85, 96–98
 health and safety, 85, 96, 182
 locations, 92
 productivity gains, 91
 recruitment, 97, 102
 remuneration, 94–95
 retention and turnover, 69, 89

statistics, 90, 92–95
 training and development, 6, 61, 90–91
 unconscious bias at work, 90
 workforce planning, 89
 workplace diversity, 97
 see also Secretary; Senior Executive Service officers

state and territory government funding to the arts, 22, 52, 77
 State Museum of Hannover in Germany, viii, 69–70
 Statutory Infrastructure Provider (SIP) obligations, 27, 44
 Strategy and Research Division, 10
 structure (organisational), 9–10
 Sustainable Development Goals, 61, 68

T

telecommunications, 7–8, 33–35, 41, 44–45, 47, 102
 reform, 44–45
 Regional Telecommunications Review, 24
 see also Universal Service Guarantee (USG) and Universal Service Obligations (USO)
 Telecommunications (Regional Broadband Scheme) Charge Bill 2018, 44
 Telecommunications Consumer Protections Code, 32
 Telecommunications Industry Ombudsman (TIO), 32, 35
 Telecommunications Legislation Amendment (Competition and Consumer) Bill 2018, 44–45
 Telstra, 31
 tendering, see purchasing
 The Mandarin, 97
 TPG, 31
 training and development, 6, 61, 90–91
 tribunal decisions, 195
 triple zero emergency calls, 25

U

unconscious bias at work, 90
 Universal Postal Congress, 49
 Universal Postal Union, 11, 49
 Universal Service Guarantee (USG) and Universal Service Obligation (USO), vii, 4, 7, 21, 23–24, 27, 73, 88

V

Visions of Australia program, ix, 39

Vocus, 31

W

Warumilang Cultural Awareness Program, 6,
90–91

workforce planning, 89

Workplace Consultative Committee, 83, 85, 96

workplace diversity, 97

workplace health and safety, 85, 96, 182

